

SALES man- age- ment

★

THE MAGAZINE OF
MODERN MARKETING

JANUARY 1, 1935

TWENTY CENTS



DOWN IN THE CORNFIELD: You can no longer "hear that mournful sound," for John Farmer has money in his pockets again—money to repaint the barn, to pay back grocery bills, to buy a new car. From sales managers, dealers, officials of state and county fairs and manufacturers supplying the farm market, come emphatic reports that Depression is "a-sleeping in the cold, cold ground." The wheat, cotton, corn and tobacco regions alike have benefited from rising prices and from huge AAA payments. Beginning on page 14, **SALES MANAGEMENT** presents a comprehensive analysis of the rising farm market, what conditions have been in 1934 and what leading companies expect in 1935. Successful selling plans of the last few months are described and expanded programs for the year ahead are indicated.



Because
NAPOLION
tried to
conquer England
this magazine
was made possible

NAPOLION had vowed to invade England! London was afire with excitement. Soldiers drilled in the streets. Civilians clamoured in front of newspaper offices for the latest bulletins. But there were no fresh bulletins! Events moved too fast for the slow hand presses of that day.

Then in 1813, Friederich Koenig, a Saxon mechanic living in London, discovered the means of satisfying the news-starved world. He devised a mechanical flat-bed cylinder press which would print 800 pages an hour.

Commissioned by the *London Times*, Koenig installed two of his new rapid printing machines in its pressroom. These became the world's first high speed presses . . . and laid the foundation for printing on a large scale at low cost.

Now after ten generations, with the discovery of Kleerfect, The Perfect Printing Paper, comes a development which makes *fine printing* possible at economically high speeds. For to strength, tempered to the speed of the fastest presses, Kleerfect adds these qualities:

Freedom, for all practical purposes, from two-sidedness of color and surface, ensuring printing of equally high quality on both sides.

Opacity gauged to prevent "show-through."

Improved color which eliminates glare — gives effective contrast with the greatest number of inks and types of illustrations; and permits the maximum true reproductive power of one to four printed colors.

To see samples of the superior work this new paper—Kleerfect—makes possible, simply write Kimberly-Clark's advertising office in Chicago.


Kleerfect
REG. U. S. PAT. OFF.
THE PERFECT PRINTING PAPER
MANUFACTURED UNDER U. S. PAT. NO. 10,000

KIMBERLY-CLARK CORPORATION

Established 1872 • NEENAH, WISCONSIN

CHICAGO, 8 South Michigan Avenue • NEW YORK, 122 East 42nd Street

LOS ANGELES, 510 West Sixth Street

Shewmanship IN WINDOW DISPLAY



Here is a display that literally puts the most thrilling of animal acts—"The Big Cage"—right in the window, by making "bars" of tubes of ordinary black crepe paper.

Created in collaboration
with Marschalk & Pratt, Inc.

It is both a good "show" and perfectly sound selling—plus a complete tie-up with the advertising slant.

If you want to "stop 'em and sell 'em" (which sums up the whole purpose of window display), it will pay you to consult an Einson-Freeman executive.

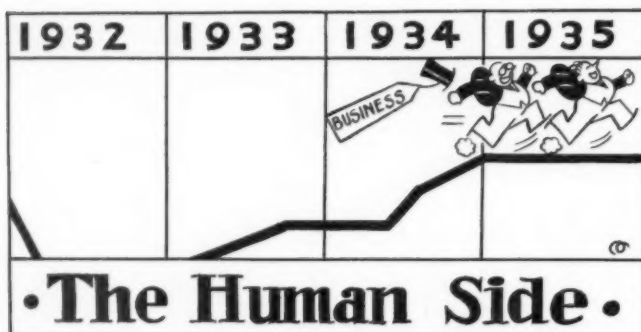
EINSON-FREEMAN CO. INC.

• LITHOGRAPHERS •

Starr and Borden Avenues • Long Island City, N. Y.

JANUARY 1, 1935





Private Brand vs. Trade-Mark

We are lifting the following paragraphs unchanged from J. B. Wallach's column, "Retailing News," in the December 20 New York Sun:

Kenneth Collins, assistant to the president of Gimbel Brothers, recently conducted an experiment to determine the relative strength of private brands and nationally known brands. Dress shields were the items chosen, and Gimbel's matched its Gracet line against the Kleinert line to test consumer appeal and acceptance.

In a letter addressed to Ralph K. Guinzburg, president of Kleinert's, Mr. Collins outlines the nature of the experiment. A series of advertisements was run on the Gracet and Kleinert lines. Before the first advertisement was run the shields were placed side by side on the counter. Sixty per cent more business was done in Kleinerts at 25 cents than in Gracets at 19 cents. An advertisement featuring exclusively Gracet shields at 19 cents stimulated their sale, but did not slow up the sales in Kleinerts, half the business being done in Kleinerts at 25 cents and up.

Following this initial advertisement, one was run on Kleinerts at 25 cents, their regular price, in the same newspaper and in the same space as the Gracet advertisement appeared.

Shield business was tripled over the non-advertising period, and doubled over that induced by the Gracet advertisement.

An advertisement on Kleinert shields at 19 cents brought in four and one-half times the business done in the pre-advertising period, and sold three and one-half times as many shields as the Gracet advertisement. The price cut increased traffic, and incidentally boosted sales in better shields at 33 cents and 39 cents.

Following the advertising period more than twice as many Kleinerts at 25 cents as Gracets at 19 cents were sold and the further Gimbel's went from the advertising period the smaller the sale of Gracets became with no apparent loss of Kleinert volume. The experiment has led Gimbel's to concentrate on the nationally known brand in the interests of volume and net profit, according to Mr. Collins. Kleinert advertising is handled by the Federal Advertising Agency, Inc.

This "Heathen Chinee" Knows His Selling

Henry Jen-Kin, an Occidental-minded Oriental who has operated a restaurant in Chicago's Chinatown for years, recently opened a new cafe. Proving that a Chinese knows how to put the personal touch in his selling, one of his letters announcing the restaurant is given below. He sent similar letters to lawyers, architects, doctors and others. This is his "doctor" letter:

Dear Doctor:

My honored ancestors, in the Land of the Pear Blossom, had a fragment of philosophy which they handed down, father to son, for 10,000 years. It may interest you. It says:

"The physician who never dines out eats his own pills."

That's not meant to reflect on the cooking in his house. It

means that the doctor, like everyone else, must have change, fun, a bit of enjoyment now and then. He must take his own advice or his own medicine.

Here's an idea, doctor. Down in Chinatown there's a new restaurant. It is called the *Golden Dragon*. There you can find many rare Chinese dishes not on the menu of any ordinary Chinese restaurant.

The *Golden Dragon* serves *Siu Gai*. It's a swell soup and costs only two bits. Then there's *Him Soon Pie Gor*. That's pork spareribs cooked "sweet and sour." Only four bits.

Or maybe you'd like to spread out a little. If so, try *Chow Goo Kai Koo* at a buck. It's chicken—cooked the way Mrs. Ming used to cook it for Mr. Ming 'way back when the whiskered Norsemen were rushing down to skewer the Gauls on spears.

How about an *Eng Gai Pai* highball? *Eng Gai Pai* is a Celestial beverage with a subtle aroma in it. It's made of distilled rose petals. Our Chinese gods drink it in heaven.

Bring the ladies. They'll love you all the more.

Your Humble and Obedient Servant,
HENRY JEN-KIN.

P.S.—If you want special attention, a bit of advice about our special foods, ask for "Jenkins." That's me. My name's really Jen-Kin but my friends call me Jenkins. Like yours say "Doc" to you. We both take it with a smile. That's business.

Henry Jen-Kin says the letter brings results. And many of his customers ask for Jenkins and say, "Where did you get my name?" His answer is an Oriental smile. He makes that a deep, dark Chinese mystery! If he explained, it would be an anti-climax. The name comes out of the classified telephone directory!

Santa Claus Survey

The only way to know what to give grandfather, mother, brother, wife, uncle or daughter and the rest of the *musts* on your Christmas list is, after all, to ask them. But though L. Bamberger of Newark are aggressive merchants (quite as aggressive as their sister store, R. H. Macy across the river) they did not quite have the nerve to suggest this in their advertising.

Since people of the same sex, the same condition in life, usually have much in common with the rest of their groups in gift likes and dislikes, Bamberger's called in Research to help their customers and themselves in the problem.

They asked 300 grandmothers, 300 grandfathers, 300 mothers, 300 fathers, 300 little girls, 300 little boys, 300 college girls, 300 college men, 300 young men-about-town, and other categories in Northern New Jersey, both by mail and by personal call, "What do want for Christmas?"

It seems that more young-men-about-town wanted gloves than anything else, 70% mentioning them. Sixty-two per cent wanted liquor; 56%, socks; 55, colored scarves; 42, handkerchiefs; 40, pipes; 51, shirts; 10, squash rackets; 34, golf balls; 10, flannel waistcoats; 42, night robes; 32, wallets; 20, lighters; 28, pen and pencil sets; 35, books. Perhaps the gay young men did not ask for ties, because they figured they were going to get them anyway. Forty per cent asked for money. One young man, facetiously, we think, asked Bamberger's emissaries from Santa Claus for a Duesenberg.

The dear old grandmothers of yesteryear, "be-shawled and be-sprinkled with lavender water," as Bamberger says in the ad in its Christmas findings survey about them, either must have passed away or have been rejuvenated. Eighty per cent of grandmothers asked for . . . unmentionables. Some specified silk. But not one asked for high neck and long sleeves. Forty per cent of the grandmothers wanted handbags, 30%, bridge tables; 10%, steamer rugs; 10%, liquor! 20, perfume; 20, umbrellas.

The 300 little girls reacted, perhaps, more as the store expected, 52% of them answering dolls. Shirley Temple dolls were popular. More than twice as many wanted clothes for their

Mr. Manufacturer

HERE'S YOUR BUSINESS FOR 1935



There's no question about it: your 1935 business is coming from the Mortons and their kind of young, active American families. More and more advertisers are agreeing with economists that it is men and women in their 30's and 40's who are earning—and spending—the bulk of America's income. That's why we have called these young people The Leading Americans in today's consumer market. You call them Your Best Customers. They are one and the same—your market and our circulation. A word to the wise is—Advertise to The Leading Americans. They mean business.

CHICAGO AMERICAN

... more Buying Power to you

NATIONAL REPRESENTATIVES: *Rodney E. Boone Organization*

SALES management

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January 1, 1935

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dolls as carriages for them. Fifty-four per cent of the little girls sought books; 42% wanted skates (one asked for dolls' roller skates); 34%, a new dress; 30, a snowsuit; 22, a fountain pen; 24, silk stockings; 20, jewelry; 16 each, games or a bike; 8, a sewing machine; 12, a raincoat; 2% each asked for a "bird" and a joke book. One little girl begged for "a wall map of the United States."

Jersey mothers, like the grandmothers, it seems, also go in heavily (78%) for silk underwear. Silk stockings and handkerchiefs and perfume were given emphasis in their lists. Only 4% wanted a permanent wave, as against 26 who asked for new lamps; 39, gloves; 26, slippers; 22, books.

The college girls also asked chiefly for underwear (78%); the college men for socks (51%); shirts, 46; ties, 45, and books and scarves, 43 each. To do justice to the college girls, it should be said that 45% of them wanted books.

What the fathers wanted, we forgot to ask. Probably, after all this, it does not matter very much.

The Wandering Hematite

A wholesale grocer in Providence, Rhode Island, the home of the Uncas Jewelry Manufacturing Company, decided to take a long trip with his family to the Pacific Coast and Alaska.

His best friend in Providence is a partner of the Uncas Company and upon his return, of course, came over to spend the evening.

"Well," said the grocer, "I've got something pretty fine to show you. I bought my wife some beautiful jewelry and I know you will find it interesting. It's hematite, a native Alaskan stone."

So he brought out the hematite jewelry and to his amazement found that it had been set and designed by the Uncas Company in his own city.

This is how it happened. The hematite mined in Alaska was shipped to Czechoslovakia for cutting and polishing, then back to New York where it was sold to Uncas in Providence; after setting, it was shipped to jobbers in Portland, Oregon, who in turn sold it to merchants in Alaska, who do a big tourist business in hematite, their native stone. If the rolling hematite stone gathers no moss, it at least sees the world.

Waiter, One Seal Steak!

To his astonishment, Jacques Gesell, chef of the Hotel New Yorker, New York, was awakened the other morning to receive the following radio message:

Little America

Have you a suggestion for cooking seal meat so it will taste like something else stop We have had plenty of it and may have to serve it for dinner.

Al Carbone

Alphonse Carbone, from Cambridge, Massachusetts, is the cook of the Byrd Antarctic Expedition on the ice at Little America. Mr. Gesell has never met him. After serious study, Mr. Gesell despatched the following advice via radio:

Al Carbone Byrd Expedition Little America

Remove most of fat from seal meat stop Soak in solution of equal parts vinegar and red wine seasoned with allspice stop If no red wine dilute vinegar with water stop Soak for six days then dry the meat stop Brown and smother with lard when well browned sprinkle with flour and let simmer for fifteen minutes then add vinegar mixture and cook until tender remove meat and strain the sauce

Jacques Gesell

Mr. Gesell is taking an increasing interest in seal meat because a supply of it will be brought to New York next summer on the flagship Jacob Ruppert by Lieut. Comdr. George O. Noville, executive officer at Little America, and will be served in all the hotels under Ralph Hitz direction.

And now you know what the air waves carry over the frozen Arctic wastes: Publicity for seal meat, for Admiral Byrd, and lastly for Ralph Hitz's hostilities.

SALES MANAGEMENT

Significant Trends

As seen by the editors of *Sales Management* for the fortnight ending January 1, 1935:

It Was a Merry Christmas

this year was at least 15% ahead of last year—with individual city gains ranging from 5% to 40%.

Quick surveys made by press associations and retailing bodies indicate that the Christmas trade

• • • The Federal Reserve Board report of December 22 shows that bank debits for the week ending that date were 32% above the total reported for the preceding week, and 27% above the corresponding week of last year.

• • • In the week before Christmas, business activity showed an unusually sharp gain over the preceding week as seen not only from the bank debit figures quoted above, but also from the sharp increases in steel production, automobile output, electric power production, and car loadings.

• • • The editors of *Economics Statistics*, whose analysis of business prospects for the next quarter will be found on page 22, believe that the current improvement in production schedules seems to be at a slightly faster rate than is warranted, and that a slight reaction in business activity is to be expected during the next few weeks. They point out that the advance in car loadings in the last fortnight has been due almost entirely to an increase in coal shipments, and that the movement of freight on western roads has made a relatively poor showing. The increase in steel production has been due mainly to the sharp increase in automobile activity and although inventories of automobiles are not excessive, they are much higher than they were a year ago.

• • • Many of us look back upon 1929 as the peak year in sales, but this isn't true of every industry. The General Electric Company's preliminary estimate of the number of incandescent lamps sold in 1934 shows that the total is 2% higher than that of 1929, the previous high year. . . . Even more startling are the estimated 1934 sales of 5,350,000 radio sets (Dun & Bradstreet's estimate) as compared with the previous peak of 4,438,000 units for 1929. About two-thirds of these are believed to be replacement sets. Automobile radios and the new all-wave sets are largely responsible for the gains. . . . Electric power output last week was within 2% of the record 1929 week.

• • • Congressional Intelligence, Inc., reports that the "heat" under old age pensions is terrific—that even the bonus question does not flare more brightly. Congressmen and Senators are being flooded with more appeals on pensions for the aged than on any other proposal. The present picture is for concrete proposals for national legislation for unemployment insurance and old age pensions, both on a Federal-State cooperative plan. Other economic security proposals (health, invalidity, accident insurance, widow's pensions) are distinctly not on the agenda for Congressional action this session.

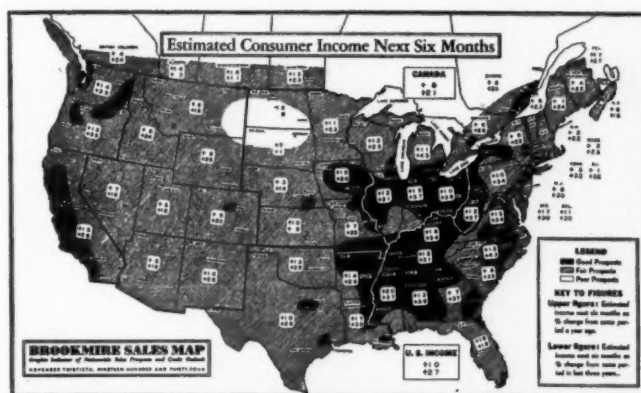
• • • The Litigation Division of the NRA is expected to increase its recent volume of work—200 cases in

six weeks—aided and abetted by the revamped Division of Enforcement and Compliance. The results of past litigation has been 90% in favor of the NRA and but 10% adverse. The Litigation Division is working on the theory that it would be just as well to have the question of the constitutionality of the NRA settled once and for all. If the law is right they think it will do no harm to push cases through the courts; if the law is wrong it is about time for the matter to be settled definitely.

• • • Retail druggists, replying to the questionnaire sent out by their national association, report an average improvement in volume of 13.1% over last year. Three quarters of them were in favor of continuing their present NRA code.

• • • Uncle Sam handed out considerably more than \$4,000,000,000 to care for the needy and bolster private and public enterprise in 1934. Of this sum the government expects to get back less than one-fifth of these expenditures, designated as "emergency" and which were outside of the regular year's outlay classed as "general expenditures" for normal government operations. Relief in manifold forms has taken approximately 2 billions and the next highest sum was 1.3 billions for public works. For industrial recovery slightly over one billion was set aside. This included credit to banks, industries and railroads.

• • • Ex-Vice-President Dawes emerged from retirement during the fortnight to utter that prosperity will really be with us in 1935—probably in the late Spring. He doesn't think so much of the academic economists who point to insuperable obstacles to recovery. With pig-iron charts and history he showed that the major depressions of 1873 and 1893 ended five years and eight months after the initial stock-market crashes had sent business into a tailspin.



The Brookmire Economic Service believes that U. S. A. income in the next six months will be 10% higher than in 1934 and 27% higher than the average of the last three years. They expect the greatest gains in the three Pacific Coast States, with the Central manufacturing and the Southwest and Southeast agricultural districts not far behind. Gains are indicated for every state except North Dakota—with Mississippi, Kentucky, Maryland, Louisiana, Florida, Indiana and California showing the largest percentage increases.

Building Construction

Construction award figures for November do not make for stimulating reading. They show a dollar decline both as contrasted with October and with figures for last year, according to the F. W. Dodge Corporation, although, after allowing for seasonal variations, the value index increased slightly over the previous month. For the elapsed eleven months of the year contracts for construction of all types totaled \$1,450,000,000 in the 37 states east of the Rockies as compared with \$1,048,198,000 in the corresponding months of 1933.

● ● ● Residential building construction shows the smallest increase of any type and had it not been for a gain in alteration and modernization projects the total would have fallen below the 1933 level by several million dollars.

● ● ● As a result of the abnormally low rate of residential construction in recent years, a potential house shortage has gradually been built up. The effects are not yet apparent because many families have doubled up, but as general conditions continue to improve and employment increases, the shortage should make itself felt as an actual one. The recent housing survey reveals a need for 5,000,000 dwellings and for repairs on some 16,000,000 existing structures.

● ● ● The increase in demand for residential space has been sufficiently great to cause a rent increase during 1934 of more than 5% over the low point reached in January. This is the first upturn since 1924.

● ● ● Colonel Ayres of the Cleveland Trust Company waxes sarcastic about the attempts made by the Administration through the managed recovery program to solve the depression by increasing consumer purchasing power through giving more workers and more unemployed more money to spend for consumer goods. He thinks that real recovery can only come through direct stimulation of capital goods.

● ● ● The government apparently proceeds on the assumption that increased consumer income is the key to improvement in the capital goods industries—that as consumers get more money, they want and buy more things—production is speeded up, new machines are required, entrepreneurs enlarge present factories or build new ones. Believers in this school of thought say that nothing can really stimulate the capital goods industry unless owners of capital see a chance for making a profit. They point to Henry Ford as a striking example. This year he increased his sales by approximately 50%; he thinks that he can sell a million cars next year—and so he is spending many millions of dollars in new equipment and new buildings.

"Unwilling" Land Owners

During the depression banks and insurance companies became land owners through the foreclosure route and many people felt sorry for them. Last week a traveling agent for a number of insurance companies was quoted in Kansas City as saying that the sales of farm lands were distinctly on the increase and that the price has risen from 10 to 20% in various parts of the country. Interests and rentals have been much easier to collect, and some farmers have been able to buy their farms back.

Construction award figures for November do not make for stimulating reading. They show a dollar decline both as contrasted with October and with figures for last year, according to the F. W. Dodge Corporation, although, after allowing for seasonal variations, the value index increased slightly over the previous month. For the elapsed eleven months of the year contracts for construction of all types totaled \$1,450,000,000 in the 37 states east of the Rockies as compared with \$1,048,198,000 in the corresponding months of 1933.

● ● ● The Department of Agriculture, in a special report made to the Interstate Commerce Commission, says that crop prices in Iowa are now generally above the pre-war level. They are 158% of 1933 and 182% of 1932. The report was submitted in connection with the application of western trunk lines for increases of freight rates. Farmers aren't worrying very much about rail rates because they have found that if they are too high they can resort to trucking. Several students of the rail problem contend that what the railroads need most is some method of reducing rates to compete with the truckers.

● ● ● The world's biggest engineering job—Boulder Dam—is entering its final stages, and will be completed by the end of the year. The river will be restored to its natural channel within a few weeks and the formation of the world's largest artificial lake will begin. The Six Companies, Inc., dam contractors, are more than 400 days ahead of schedule. They have had good breaks in no floods, no labor troubles and better prices for raw materials than they had figured on.

● ● ● The amusement business had a tremendous upturn in 1934. All forms of professional and amateur sports with the exception of boxing reported big increases in attendance. Out at Minnesota, for example, the national championship football team brought in gate receipts of \$300,000 as against \$200,000 in 1933, and the rise is about uniform with that of receipts from other amusements in Minneapolis and St. Paul. Half a dozen picture houses in those two cities have added stage shows within the last six weeks to programs which for four years included only motion pictures. Amusement houses in every part of the country are reported well filled for all offerings that hold out normal entertainment value.

Snapshots From the Fortnight's News

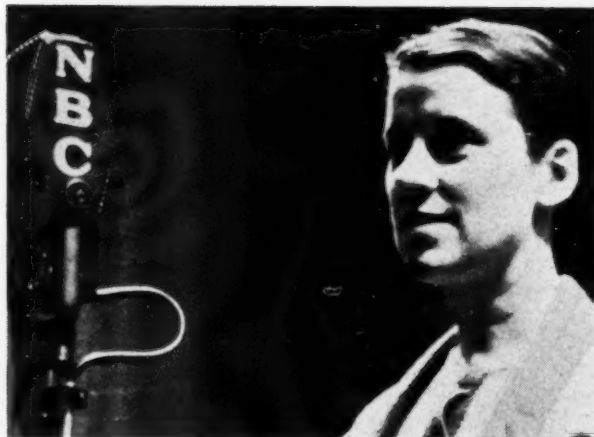
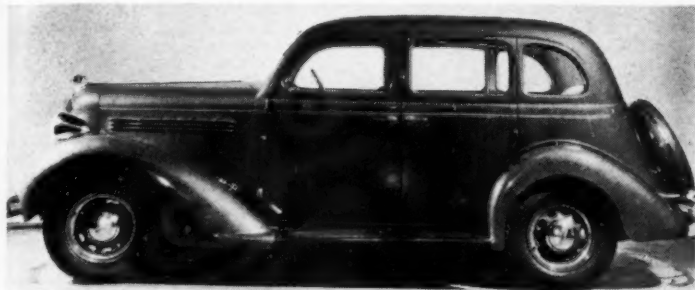
A big gain in the assets of national banks is reported—the total of 24.8 billions is 3.6 billions over last year's figure. . . . Gold held by the Government on December 17 totaled 8.2 billions on the basis of the price of \$35 an ounce as compared with an even 4 billions just before devaluation. . . . November sales of 27 chain stores and mail order companies increased 10.4% over the preceding year. . . . There has been an almost uninterrupted rise in steel operation since the beginning of the fourth quarter and ingot production is now at 36%. . . . Bank clearings currently are the highest in three years. . . . Private engineering awards for the week ending December 20 reached the highest total since March 8. . . . The Dun & Bradstreet Business Activity Barometer advanced to 69.6% for the week ending December 19, from 64.7% the week before—the ninth consecutive week of rise.

● ● ● Colonel Ayres does admit that 1934 has been a good year for most makers of consumer goods. Just prior to Christmas the William Wrigley, Jr., Company, for example, sent out a very welcome notice to its stockholders—a special dividend of 50 cents per share to be paid out of 1934 earnings. The company is on a regular \$3.50 annual rate.

● ● ● Government figures show that Ohio's crops last year were worth 134% of 1933; Indiana's, 138%; Illinois', 131%; Michigan's 115%; Wisconsin's 146%.

● ● ● A Happy and Prosperous New Year!

Plymouth's Pride: (Below) Plymouth Motors rings up the curtain on its "high-speed safety" models for 1935. While the advertising orchestra gets ready to bang drums and blow the brasses, the announcer explains that "the four-door sedan (herewith depicted) has a torpedo-shaped, all-steel body which fits over the frame in an entirely new type of safety construction." For further details, ask Walter Chrysler.



"Bee" Stands for Borden's: Beatrice ("Bee") Lillie, stage comedienne, is warming up for her coast-to-coast NBC hook-up in behalf of Borden's Evaporated milk. Beginning January 4, she will be on every Friday night.



He's Agin' Bristles: George A. Graham, left, goes from manager of sales promotion of Gillette Safety Razor Company to a vice-presidency. He started with the firm in 1925 as a salesman, mounted to sales manager and left to join Associated Chain Drug Stores, Inc., in 1930. There he traveled all over the country, met every manufacturer of drug sundries. In 1933 he returned to the Gillette fold.

Personalities and Products in the Marketing News



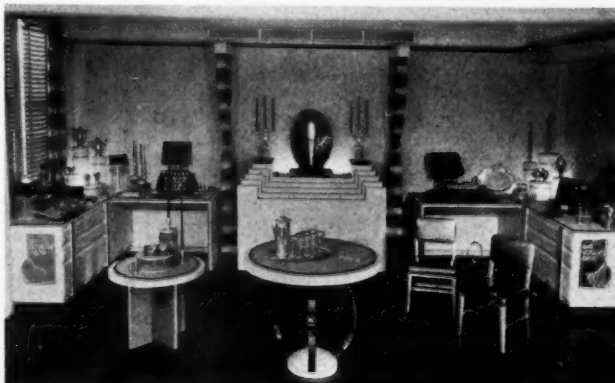
Silver Salons: Above and below are two of the rooms in International Silver Company's Sales Service Institute at Meriden, Connecticut. More than a series of showrooms, the Institute's 20,000 feet of space offer numerous examples to silver dealers on how best to display their goods. Each line, tableware, trophies, etc., forms a separate exhibit. A reception room and auditorium will be used for talks to dealers on their specific difficulties. All the furniture and display equipment was made in the company's factory.



For People in a Hurry: (Above) It won't be long before impatient shoppers can dash into a store, look over the wares and say, "I'll take that house. Wrap it up and send it C. O. D." This is a "package house" of steel frame and composition panels ready to be set up in a week by American Houses, Inc. At least three other companies are promoting various models of prefabricated houses, for it is expected that a considerable hunk of F. H. A. funds will be used to build such ready-to-use homes.



Yo-Ho-Ho: And a bottle of Caldwell's rum, designed by Egmont Arens. Simulating early American glass, the bottles, when empty, make lamp-bases with a nautical flavor. The labels are woodcut style.





The author knows practically every coil of the spring business. His first job was making them; next he sold springs for the company. Then he sold for himself, clearing his orders through an established factory. When it went out of business, he decided to start his own factory. Borrowing \$125 he began operations in the rear of an abandoned store. The present Lee Spring Company grew from that modest beginning.

BY
ROBERT LEE
JOHANNSEN

President,
Lee Spring Company, Inc.
Brooklyn, New York

Quality product manufacturers almost always find themselves at a disadvantage when called upon to bid on industrial jobs. Most of such bids are based upon the barely-good-enough-to-get-by theory, and the story of what any one concern can deliver in the way of value for any investment above the minimum bid, is too often left untold. Here's the way one company has tackled—and licked—this problem

You Don't Have to Cut Prices to Beat Price Competition

HOW would you like to lose orders, on price, every time you submitted a competitive estimate? That is what happened to us. If a dozen bids were submitted, there would be ten different prices; and, we would be tops. It gave us the jitters.

Many times, knowing our price would be too high to get the business, we declined to bid for new orders, and concentrated on work from customers already on the books. But when a company fails to get new orders over too long a period it stagnates.

New business became an absolute necessity. To get new business, we had to beat price competition. We asked ourselves if we should cut prices? That would tamper with quality. Should we maintain quality, yet reduce prices? That would mean a loss on every order. Both alternatives were rejected.

This business was established in 1916 with definite ideas: To make springs which, by their performance, would hold customers, and to make a profit on each transaction. That policy was good enough to build the business

from an initial investment of \$125 to a high ranking among leading, independent spring manufacturers. A policy which had produced such excellent results could not lightly be abandoned, even in the face of vicious price competition.

The spring manufacturing business—we make all types of springs, except bed, upholstery, hot rolled, and automobile leaf springs—has been an ideal playground for price slashing. The very peculiarities of the business, the lack of standardization in materials and processes, and the buying methods of buyers of springs, contributed to making it a romping field for the spring manufacturer who had little to offer beyond low prices.

There are no stock springs. No two jobs are ever alike. Costs of making springs cannot be accurately computed until after the job is completed. Yet, in making bids, costs must be estimated in advance. This doesn't appear to be serious, unless it is realized that there are no standards of costs.

Turn 50 spring manufacturers loose on bids, each with different ideas, ideals, standards, processes, treatments and equipment, and near-chaos pre-

vails. Spring manufacturers in estimating have used their pencils as their imaginations or desperate needs for business dictated.

Buyers sent along blue-prints, and vague specifications as to material. What of it, if the blue-prints were mere tracings of the originals, and accuracy of dimensions and sizes had disappeared? Let the spring manufacturer's conscience be his guide. Price was often in direct proportion to conscience!

What of it, if, in specifying materials, the buyer did not specify the grade of material? Again, let the conscience of the spring manufacturer be his guide. All springs look alike, feel alike, and weigh alike, to many buyers. The performance of the spring, the only real determining factor, comes later. Should some competitor's conscience dictate using an inferior grade of wire, or even a substitute that looks like the material specified, while we quoted on special, fine grades of wire, what of it? The competitor quoted a much lower price, we lost the order, and the buyer didn't know the difference until his machinery broke down, thus causing him a loss far greater

than the cost of quality springs.

What of it, if tensions, tolerances, heat treatments and natural, recognized variations in wire sizes and springs were all included in our price, while a competitor forgot, either deliberately or by accident, some important factor or cost? The buyer got the benefit of the lower price and saved money temporarily. The fact that he later found he had gotten only what he paid for did us no good at the time the order was placed.

In other words, we lost orders on price, not because our prices were high for the calibre of our work but because our prices looked high, when compared with competitive bids on an entirely different conception of the job to be done, or when compared with bids made on an entirely different form of manufacturing conscience.

The General Spring Specification Form was one of our answers to this price competition.

No longer need blue-prints be consulted; no longer need specifications be vague, materials a mystery, no longer need important engineering requirements be ignored. With the form, the buyer can specify definitely and accurately what he wants, how he wants it, what materials must be used, and what treatment must be given to his springs. Buyers now use this form (we supply them with as many copies as they wish) in getting estimates not only from us, but also from our competitors. We welcome buyers sending these forms to our competitors; we ask them to do it; for it means at last that we are all going to bid on the same specifications. As far as it is humanly and scientifically possible, we make certain that our competitors are bidding on the same things that we are.

Buyers Respect the Fair Fighter

The evidence of our ability to sell springs, at our price, when there is an equal competitive basis for all, is in the orders we are now getting.

With the General Spring Specification Form as the basis of our sales efforts, other innovations to beat price competition are succeeding beyond the most-hoped-for expectations.

Among our customers of long standing are buyers of springs for America's largest corporations. For years they have sent us orders for springs without asking for estimates, without putting price on orders. They know us, and trust us. These buyers want quality; they know quality cannot be bought if there is a loss in the transaction. Hence, they buy without price, and they have always profited by it. Our conscience is a real guide.

In approaching prospective buyers,

this practice and custom of our long-time customers is emphasized. Prospective buyers are told that we will protect ourselves in our estimates and that, therefore, our estimates may be high. Furthermore, as a result of the General Spring Specification Form, there can be very little variation in prices of reputable, honorable, quality spring manufacturers. Many buyers like our attitude, our frankness, and our fight for standardization. Their orders come to us, without price, trusting to our fairness alone.

In many instances, where a huge order is in the offing, and where the competition is severe both as to number and type of competitors, we will submit more than one estimate.

One estimate is always for the best of materials, turned out in our quality way. Our other estimates take into consideration the use of cheaper materials and other inferior factors. Often, one of our prices is as low as, if not lower, than the lowest competitive estimate. Thus, we knock the foundation from under our competition. We can rightly say: Our prices are not high; we can, if we wished to manufacture an inferior spring, generally meet any competition; but we want to sell you only the best quality, at a quality price, because it will save money in the end.

Thus, selling effort is directed not against a competitor's lower price, but against our own low prices. Many buyers are quick to see the point. Even should some buyers decide to buy cheaper springs—these orders go to a competitor—they often give us a chance on later business.

Regardless of policy or plan to meet price competition, we cannot take 100% of all orders on which we bid, nor can we sell 100% of buyers whose business we solicit. But we are getting our share, and a healthy share it is!

The price seller whose only justification (to himself) is that he will undersell all others, will eventually die as a result of the very competition he sets up. Some other competitor will eventually come along to cut his business throat. The quality seller puts himself into a class all his own. He can get his prices as long as he maintains quality, as long as he educates buyers on the type of goods that he is selling.

If we lose a customer, or a prospective customer, today, it is nobody's fault but our own. We failed to do our selling job, as it should be done. We failed to show him why he should pay us our price, and why our price is fair. It is not often that it happens a second time.

DESIGN OF HELICAL SPRINGS
Typical Commercial Spring Data

COMPRESSION SPRING

LEE SPRING CO., INC.
GENERAL SPRING SPECIFICATION FORM

Part Name or No.	SUBJECT	SPECIFICATION	Blue Print No.	REFERENCE
1	Type of Spring			COMPRESSION-TORSION-FLAT EXTENSION-WIRE FORM
2	Kind and Grade of Metal			SPECIFY BY NAME AND S.A.E. NO. OR COMMERCIAL DESIGNATION OF GRADE. SEE OPPOSITE PAGE.
3	Size of Material	PLUS MINUS		SEE WIRE NUMBER LIMITS SHOWN ON OPPOSITE PAGE.
	Outside Diameter of Spring			SEE PLUS OR MINUS LIMITS OPPOSITE PAGE.
4	Works Inside Size Hole or Inside Diameter of Spring			SPECIFY IF CLOSE FIT.
	Works Over Size Rod			SEE PLUS OR MINUS LIMITS OPPOSITE PAGE.
5	Free Length			SEE PLUS OR MINUS LIMITS OPPOSITE PAGE.
6	Solid Length			WARNING.
7	Load			SEE PLUS OR MINUS LIMITS OPPOSITE PAGE.
	At Deflected Position of			COMPRESSED LENGTH FOR COMPRESSION EXTENDED - - - EXTENSION TENSION - - - TORSION
8	Initial Tension			INITIAL TENSION-EXTENSION SPRINGS SHOULD HAVE INITIAL TENSION SPECIFIED IN LBS. IF IMPORTANT.
9	Number of Coils			COMPRESSION SPRINGS REQUIRE 1.5 TO 2.0 HEAD END COILS WHEN THE ENDS ARE SQUARE AND GROINED.
10	Direction of Coils			RIGHT OR LEFT HAND. LEFT HAND WILL BE INFERRED IF NOT SPECIFIED.
11	Pitch of Coils			WHEN NUMBER OF COILS ARE NOT GIVEN.
12	Space Between Coils			WHEN NUMBER OF COILS OR PITCH ARE NOT GIVEN.
13	Ends			IF GROINED SPECIFY DIRECTION OF GROIN WITH PLUS-MINUS PLUS OR MINUS LIMITS OPPOSITE PAGE-SEE COMMENTS ON SPRING ENDS LAST PAGE OF SECTION BELOW.
14	Finish			PLAIN-ROUNDED-CHROME PLATE-NICKEL PLATE CORROSION-RESISTANT-OTHER FINISHES.

Lee's prices looked high because they had to be compared with competitive bids on entirely different (and much inferior) conceptions of the work to be done. The General Spring Specification Form, used widely by buyers in asking for bids, brings the price fight into the open and gives the quality maker a chance in the ceaseless battle for business.

The High Cost of Snap Judgment in Business *

BY

WILLIAM J. REILLY, Ph. D.



William J. Reilly

IN almost every business conference there is a certain order in which men express themselves on any subject—usually in order of the authority of their position. The top men have their say first.

Now here's George, an assistant manager of some department or other, seated down toward the end of the table. The "gassing" has been going on for thirty or forty minutes, and George's mind has started to wander. He may be thinking of last night when he was playing with his little boy in the front room, and barked his shin. "Geez, that thing is beginning to hurt a little," he says to himself as he casually adjusts his garter with one hand under the table. "Huh, right under the garter."

Just then the leader of the meeting says, "What do you think of this, George?"

George's ears fly up as he shakes himself out of the trance.

"Why—well, I'll tell you, Mr. Johnson, I don't like the color of it. It is too yellow. Frankly, it — it doesn't look right to me."

Now the damage has been done! George has committed himself to an opinion. From that moment on, therefore, he begins to spend the company's time and money in an opportunistic pursuit of any or all kinds of evidence that will support the wisdom of this half-baked opinion which he has expressed on the spur of the moment.

This costs money in business. In fact, business is full of feuds and disagreements arising from such ill-considered opinions.

How easy and how foolish it is to go off half-cocked and express a hunch or an opinion under the pressure of a question from someone else. Once we express ourselves, though, we are in-

clined to stick to that position, even though we later have the sneaking feeling in the seat of our pants that we were wrong about the whole thing. Yes, we stick to it. We stick to it in spite of Hell or High Water. And sometimes we suffer the anguish of Hell because of it. And sometimes the High Water comes and drowns us out of our job. Such cases are common. Who hasn't observed that once we express an opinion—be it ever so false—we tend to be ever so true to it?

If we were to begin today to form the habit of making a mental note of those statements which we hear in the course of our conversations with friends and associates, we would probably be utterly amazed at the high percentage of such statements which are without adequate foundation. Many of these statements are merely opinions. Even when facts are included in a statement, they are so often loosely combined with opinions or impressions—clearly demonstrating that the person responsible for the statement has made no conscious effort to discriminate between the two.

Let me cite an example of an actual business observation made by the cashier of a bank—an example that represents an indiscriminate combination of fact and opinion.

You will recall that early in 1933, the Michigan banks were in "deep water." The assistant cashier of a bank in one of our large eastern cities had just reported to the office one morning, when the cashier sent for him.

"Tom, listen to this," exclaimed the cashier excitedly. "Here it is only 9:30, and our savings withdrawals are over \$8,000. They've never exceeded a few thousand dollars for an entire day! The whole trouble is the newspapers—they are going to put the banks on the rocks before they're through. Every time a bank gets into

This chapter from the forthcoming Harper book may be traced to a series of similar meetings on straight thinking in business which were held a year or so ago at the University Club in Boston, and at the Yale Club in New York. Scores of successful business executives went to school again—for the first time in 20 years—and were lectured to and catechized by an ex-professor.

Mr. Reilly has taught at Carnegie Institute, University of Chicago, and the University of Texas. He is the author of several books on marketing and research, and has conducted market studies for such organizations as Procter & Gamble, Bristol & Myers, Bon-Ami, McCann-Erickson, Pedlar & Ryan, and many newspapers and public utility companies.

a little jam, they blare it out on the front page. No wonder there have been so many runs on banks. Look at the space they've been giving to the Michigan situation. They've got everybody jumpy out there. Believe me, the newspapers are going to ruin the banking business of this country."

"Let me think this over for a few minutes—I'll be back," replied Tom.

Instead of getting all excited about it, Tom began by separating fact from opinion in the cashier's statement. Obviously, it was merely an excited opinion that "the whole trouble is the newspapers" or that "the newspapers are going to ruin the banking business." Apparently the main fact in the statement was that savings withdrawals at 9:30 had exceeded \$8,000.

Next, Tom went to the records and examined this fact from the standpoint of what, when, where, and who. An analysis of withdrawals from the standpoint of what showed that one withdrawal accounted for \$5,500. When he looked up who had made the

(Continued on page 50)

From "Straight Thinking," soon to be published by Harper & Brothers, New York.

Sales Executives See Sharp Jump in Farm Sales for 1935



Photo by Ewing Galloway

This is the happiest New Year farmers have enjoyed for years. With cash in their pockets and with a large measure of optimism in their hearts, they face 1935 not only in the mood to spend, but with the wherewithal to spend. Manufacturers who sell to farmers expect accelerated sales in this market and are making energetic preparations to go after business there with augmented sales organizations and heavily increased ad appropriations.

Edited and Compiled

BY A. R. HAHN

Managing Editor, Sales Management

WITH his mortgage burdens to a large extent alleviated, with prices substantially higher for most farm products, and with a bonus from Mother Nature in the form of lavish fall rains to recondition the thirsty soil, the farmers come to the first of a new year in more of a spending mood than they have experienced for at least four years.

Sales executives among manufacturing concerns who do all or a large part of their volume in the farm market are for the most part wide awake to this condition, and two-thirds of the concerns who reported their 1935 intentions to SALES MANAGEMENT will substantially increase advertising appropriations in the effort to get their share of the business that seems certain to be coming from farm operators during the months immediately ahead.

The other companies—those who incline to a more pessimistic view—in the main report a maintenance of the 1934 pace for marketing activities. Still stultified by the gloom and the publicity which accompanied the

drought these firms have apparently failed to *weigh the favorable factors in the farm market against the unfavorable factors* to determine the net effect on farm income, and thus arrive at a more accurate estimate of the probable potentials for 1935 from those who produce most of the important of our basic national commodities. Perhaps they have merely been asleep; perhaps they haven't exerted anything but a half-hearted effort to get business this past year and now, because their sales figures for 1934 are a disappointment, they believe 1935 offers little opportunity for improvement. The answer to that is this: Many of the firms who depend upon the farmer for business, who have been actively fighting for business during the past six months, have ended the year with a record, all things considered, more than satisfactory. It is these companies, by and large, that are stepping up farm market campaigns with the almost certain knowledge that 1935 will be the best year since 1929 or 1930.

Even among the pessimists, however, not one company reporting to SALES

MANAGEMENT in this most recent survey, indicated an intention of radically curtailing advertising or personal sales activities in the farm market during the coming year.

It is a somewhat bewildering mixture of fact which confronts the sales manager in his attempt to forecast rural market trends for the immediate future. In certain areas feed conditions are fair to very poor, and conditions on cattle ranges are a source of real worry. As if regretting her frugalities of the summer, Nature, on top of this, supplied several important areas with an abundance of late rain and several extra weeks of mild weather, permitting fall sown pastures and forage and hay crops to mature. This not only conserved the scant feed supplies by providing pasturage for the cattle beyond the usual dates, but added to forage stores for the winter and created augmented income through the excellent prices received for hay.

The sales executive who makes a close study of sectional conditions will find counties and states, and jig-saw sections of states where conditions, all

SALES MANAGEMENT

in all, are better than they have been in years. Take, for example, the orange growing sections of Arizona and California; these growers received \$23,000,000 more for their citrus crop in 1934 than in 1933—an increase of approximately 33%. Here, as in a number of other sections, the movement of certain indices *contrary to trend* further attests vastly improved purchasing power.

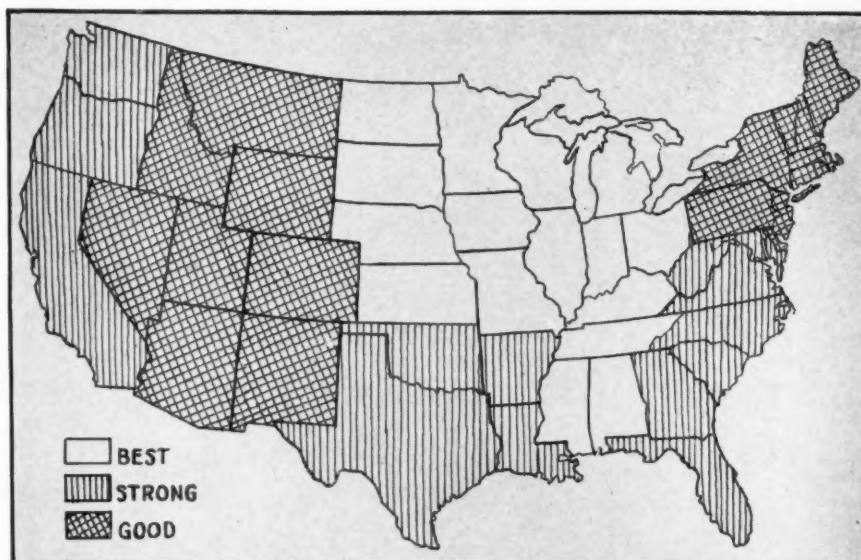
The drought section not only received the highest per-farm allotment of AAA funds (highest payments for the period up to February 1, 1935, went—or are going to—Kansas, Nebraska, Iowa and the Dakotas), but the government poured another 500 million into the hardest-hit sections to relieve drought distress. Couple these facts with the improvement brought about by late fall rains, and you arrive at an explanation of the reason why the consensus of sales reports of fifty companies shows the West North Central section to be—1. One of the three best in sales during the last six months as compared with 1933, and 2. The best potential district for sales during the first six months of 1935 according to the judgment of executives of the same firms.

Seemingly, the farmers, even in some of the hardest hit sections, have had enough money left over after payment of old debts to afford many new purchases. Auto figures alone are substantial proof of this statement, (See SM, October 20, p. 406, for a most interesting analysis). The rate of gain over 1933 in purchases of cars has run in almost direct proportion in the various sections to the amount of AAA money received by those areas.

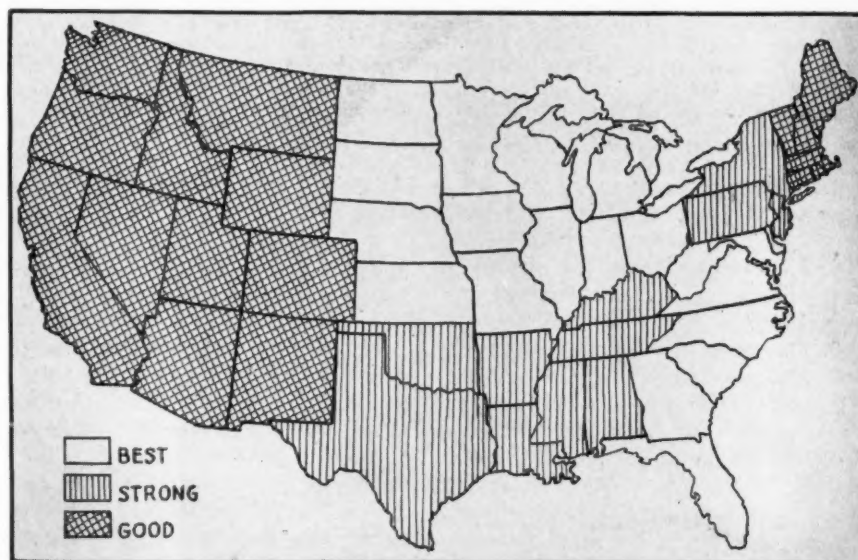
But the remarkable come-back sales performance of the drought area during the past six months, and the high expectations of sales executives for these same sections during the next half year, are no more than one significant highlight of the investigation SALES MANAGEMENT made in December. The editors made no effort to cover hundreds of companies in this survey; rather, they carefully selected those firms which might be regarded as the bellwethers, believing that a carefully gathered consensus from them would represent a true cross section opinion and reflect accurately the major trends.

Here are the questions we asked:

1. What agricultural sections have shown, so far as your own sales records reveal, the greatest improvement during the last six months?
2. In which sections do you expect the greatest improvement in 1935?



Map I.: Where Has Farm Business Been Best During the Last Six Months?—A Consensus of the Sales Reports of 50 Companies.



Map II.: Where Will Farm Business Be Best During the First Six Months of 1935?—A Consensus of 50 Companies.

In gathering the material for this survey, SALES MANAGEMENT asked company executives what five sections (out of the nine census districts) had shown the greatest improvement in sales in the last six months of 1934. When all these votes were tabulated, the three receiving the highest number of total votes were designated as "Best" in Map I. above, the next three as "Strong," and the remaining three as "Good."

In the case of the second question, these same men were asked to designate the three districts in which they expected the best sales for the first six months of 1935. Votes were tabulated and analyzed as before to produce Map II.

Please refer to the text for more complete comment about the survey and the showing of the various areas.

With reference to the above maps it is especially to be noted that

1. The East North Central and West North Central divisions not only showed up best in 1934, but are expected to be among the best areas for 1935.
2. The South Atlantic section was "Strong" in 1934, but advances to "Best" for 1935.
3. The Middle Atlantic area is expected to show up even better in 1935 than in 1934.

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Photo courtesy Meredith Pub. Co.

They Came and Bought: The 200 commercial exhibitors at the Waterloo, Iowa, Cattle Congress expressed their satisfaction with such statements as "For the past few years farmers have hardly looked at an exhibit and simply wouldn't talk. This year they came right in and announced their interest." "Sales on poultry equipment were over 300% above quota last month. We will get enough prospects here to maintain that average for the next couple of months." "Farmers are in the market again." Signing on the dotted line was not an uncommon sight at the exhibitions, which operated continuously.

3. Are you planning to increase your advertising to the farm market in 1935? If so, how much?
4. Have you intensified personal sales work in farm territory in 1934?
5. Do you plan to do so next year?
6. Do you believe the Administration's farm program has had a favorable or an unfavorable effect on farm sales potentials?

Where Has Business Been Best?

During the last six months, according to the collated reports of the fifty concerns we have mentioned (each executive was asked to pick the best five census districts in reporting) business has been best in the East North Central* section. But three other sections showed up so close to the first that they also should be ranked as "best"; these are: East South Central, West North Central, and West South Central. Next in order came South

Atlantic, Pacific, Middle Atlantic, Mountain and New England.

Where Is 1935 Business Coming From?

More interesting, perhaps, than the sales history of the last six months is the analysis of what these business men think about the best markets—again speaking in terms of specific sections—for 1935. Here's the story:

East North Central and West North Central run neck and neck for leadership. Since the reports were tabulated on December 11, these two districts have stood not more than one vote apart at any time as the additional votes on late returns were added from day to day. From these states, then, our "sales executives' jury" expects the best showing in the months immediately ahead: Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, the Dakotas, Kansas and Nebraska.

South Atlantic—Delaware, Maryland, Virginia, West Virginia, the Carolinas, Georgia and Florida—completes the trio of "the three best," running only nine votes behind the two sections mentioned above. The section-by-section poll placed three districts—Middle Atlantic, East South Central, and West South Central—closely together in valuation as to sales possibilities for '35, ranking them but a pace or two behind the leaders.

If we eliminate from the tabulations the votes of the companies whose distribution system does not include the Pacific Coast, the states of Washington, Oregon and California rank with the three best. The least is expected from the mountain states and New England in the way of farm business for 1935.

How Much Will Advertising Appropriations for the Farm Market Increase?

Two to one is the optimism-pessimism ratio on advertising increases for 1935. In other words, about an even two-thirds will increase budgets to reach more farmers with printed sales messages this year. But the most startling statistics of the whole survey jumped out at the SALES MANAGEMENT editors when they tabulated the replies on:—*how much increase?*

Five companies were uncertain about the extent to which the management would back its judgment with increased

Among the Companies Contributing to this Farm Market Survey:

Minneapolis-Moline Power Implement Co.
Swift & Company.
H. D. Hudson Manufacturing Co.
Equitable Life Insurance Co. of Iowa.
Armand Company.
National Carbon Company.
Ralston Purina Company.
Wolverine Shoe & Tanning Corporation.
L. Tatro Products Corporation.
Larkin Company, Inc.
Florence Stove Company.
Pacific Coast Borax Company.
Morton Salt Company.
Niagara Sprayer & Chemical Company.
Tioga-Empire Feed Mills, Inc.
Smith-Douglass Company, Inc.
Ohio Cultivator Company.
National Refining Company.
Hood Rubber Products Company.
Federal Chemical Company.
Allis-Chalmers, Tractor Division.
A. Nash Company.
Estate Stove Company.
Westinghouse Electric & Mfg. Company.
Endicott-Johnson Corporation.
New Idea Spreader Company.
Acme White Lead & Color Works.
Central Life Assurance Society.
Nutrena Mills, Inc.
Oliver Farm Equipment Sales Company.
Dr. Ward's Medical Company.
Voss Bros. Mfg. Company.
Melotte Separator Company.
Jas. H. Forbes Tea & Coffee Company.
The Upson Company.
H. D. Lee Mercantile Company.
Willard Storage Battery Company.
Remington Arms Company.
Massey-Harris Company.
Simplex Brooder Stove Company.
Globe American Corporation.
American Agricultural Chemical Co.
The Valspar Company.
F. S. Royster-Guano Company.

* Census Districts are used for the purposes of this analysis. They are as follows: New England (Me., N. H., Vt., Mass., R. I., Conn.); Middle Atlantic (N. Y., N. J., Pa.); South Atlantic (Del., Md., Va., W. Va., N. and S. Car., Ga., Fla.); East North Central (O., Ind., Ill., Mich., Wis.); East South Central (Ky., Tenn., Ala., Miss.); West North Central (Minn., Ia., Miss., S. and N. Dak., Kan., Neb.); West South Central (Ark., La., Okla., Tex.); Mountain (Mont. Ida., Wyo., Colo., N. Mex., Ariz., Utah, Nev.); Pacific (Wash., Ore., Calif.)

promotion expenditures—in all of these cases budgets were still to be made up. However, among all the others who were increasing, this fact stood out sharply: There were practically no puny increases projected. Those who believe that business is going to be better think it is going to be *so much better* that they're getting the marketing machinery oiled up for big-time campaigning backed up with substantially fattened advertising appropriations. It's always misleading to attempt to report a mean increase, so we'll just note down the first twenty increases as they appear on SALES MANAGEMENT'S survey-tabulation sheet: 25%, 20%, 50%, 500% (this mostly for direct mail), 50%, 100%, 35%, 20%, 10%, 50%, 15%, 50%, 50%, 50%, 40%, 25%, 50 to 75%, 25%, 100%, 10%.

About an even half of all companies reporting have already added men and intensified personal sales work with dealers and prospects in the farm field in 1934. Only one company had done less work of this kind during the past six months. Fifty-eight per cent will give more attention to this phase of selling in 1935 than during the past year; three companies were uncertain and were still watching business conditions.

The more frequent jingle in the cash drawer has given an overwhelming majority of this group of business men a substantial confidence in the Administration's farm program as a means toward improving the condition of the farmer—82% said they felt the program had had a beneficial effect on farm market potentials. Twelve per cent felt that it had proved temporarily beneficial—as demonstrated by their own tangible sales increases—but expressed the belief that it might be detrimental in the long run.

So much for authoritative opinion



Photo Courtesy Meredith Pub. Co.

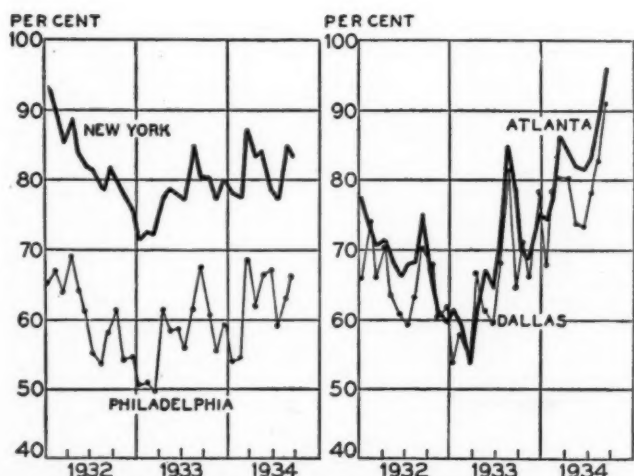
New Pants, and Money in the Pockets: International Harvester, one of the 200 exhibitors at the Cattle Congress, Waterloo, Iowa, reports sales of \$35,000 worth of equipment; manufacturers of paint, fencing, plows, tractors and other farm necessities were equally enthusiastic. Machinery salesmen gladly told of "the number of cold-cash deals made at the show" and added, "farmers are in a better mood to buy than dealers are to sell them." In cotton, tobacco, wheat, cattle, pig and corn-growing regions alike one fact stands out: The farmer has money again and is spending it. He has, through the bitter lesson of the depression, been taught to demand full value for his dollars, and consequently he is not on a spending splurge. Rather, he buys carefully, replenishing old and worn-out equipment, refurbishing up his run-down house, barn and wardrobe.

on the immediate outlook, and for a cross section picture of what representative firms are going to do to get some of the 1935 farm business.

At this point SALES MANAGEMENT wishes to emphasize one important thing: The census districts used for the purposes of this survey are, of course, an arbitrary, and somewhat artificial basis for attempting any sectional market evaluation, and this must be taken into account in actual sales planning. Purchasing power is spotty even within the confines of many individual states

and because this is true, sales executives are urged to give special study this year to local conditions which closely affect their industries. "If you want maximum returns for advertising investment in the farm market this year, you'll have to make an intelligent selection of such circulations as are concentrated in areas that offer the best potentials," one marketing man pointed out. "The *where-to-advertise* angle is going to be important in 1935 marketing strategy."

(Farm section continued on page 30)



Seasonally Adjusted Indexes of Department Store Sales in Industrial and Agricultural Districts (Federal Reserve data; 1923-25 average=100 per cent)

The New York Federal Reserve Bank offers these two contrasting charts to show the extent to which the rapid recovery of retail sales in certain areas is due to increased farm income.

Their recent bulletin, in commenting on the charts, says: "The contrast between retail trade recovery in some of the agricultural districts and in industrial sections is indicated in the accompanying diagram, which shows seasonally adjusted indexes of department store sales in the New York and Philadelphia districts on one hand, and in the Atlanta and Dallas Federal Reserve districts on the other. The increase in department store trade from the low point of March, 1933, as measured by these indexes, has amounted to 78% for the Atlanta district and 69% for Dallas, as compared with 32% for Philadelphia and 18% for New York. The rapid recovery in the two southern districts probably is chiefly a result of the marked increase in farm income in those districts. According to estimates of the Department of Agriculture, farmers' cash income from marketings of cotton and cottonseed during the first nine months of 1934 was 27% higher than in the corresponding period of 1933 and 44% above the first three-quarters of 1932, and when rental and benefit payments by the Agricultural Adjustment Administration are taken into account, the increases are 36% over 1933 and 80% over 1932."



Photo by Acme

Don't fool yourself. These Columbia University boys can't knit. But they got a lot of publicity as charter members of the "Knita Nata Nu fraternity."

Current Knit-and-Purl Craze Puts New Technique into Yarn Selling

EVERYBODY'S knitting now. "At least five out of ten women," declares an expert. "Well, anyway, one out of ten" supplements a yarn sales manager. "Ten million people!" declares another. Nobody knows. But home knitting has risen to the crest of a boom. And yarn selling has developed as a new "style" technique.

Department stores are selling nearly 50% more yarn than they did a year ago; twice as much as in 1932; in a few cases, five times as much.

Art needlework departments have cut their 11-to-13% 1932 average losses down to almost a profit for the first time in years. Yarn helped do the trick. Volume in 15 important stores during the first nine months of 1934 rose 26.5% over 1933, *Dry Goods Economist* learns.

Little yarn specialty stores and "knitting shops" are springing up by the thousand; often without the \$2,000 necessary for a sound footing. Many have fallen, but there must be 10,000 in the nation now, according to the best guessers.

Just what all this feverish knit-and-purl activity means to yarn mills is hard to determine in an industry without current statistics. But worsted yarn production, which dropped from an index number of 95 in the high-level year 1922, to 67 in 1932, needed something to bend the curve upward. While retail sales are only a fraction of the whole market, home knitting has shot them skyward. This helps. But the main industrial benefit from the boom in home knitting comes

from the general interest in knitted garments—machine-made output too.

The country has had knitting spasms before. But they were different. During the war women knitted in a do-or-die spirit, patriotically turning out train loads of khaki and grey sweaters and socks—some that scratched wrists and dug ribs into tired feet. Six or seven years later they all made rugs—many of which fell apart.

This time there is more appeal to knitting. Yarn makers, seeing their opportunity in depression years when women stayed at home more and had greater need for "rolling their own" clothes, injected style. The couturiers of France helped a lot. They emphasized sports costumes. This was duck soup for yarns, as opposed to finer textured materials.

Yarn mills both here and abroad put new lure into their product by veering away from good old coarse, four-ply, Germantown. They produced finer types, some with rayon content for sparkle, some with fancy effects. They did wonders with color.

But you cannot sell big volume of yarn without showing people exactly how to knit; how to make things they love. The sock-and-sweater era is dead. Today women make everything they wear from hats down through complete suits and evening gowns to their very underdaddies.

At first the burden of this instruction fell upon yarn houses—Bernhard Ulmann, James Lees & Sons, and the other two of the yarn "big four," Fleisher and Columbia. The leaders sent instructors into many of their

principal customers' stores—smart young experts, not elderly, uninteresting ladies. And "style shows" were traveled from store to store. Knitting had to sell itself to smart women. That was in 1931 and 1932.

Instruction Books Best Sellers

Last year yarn houses sent stylists to Europe. They flashed back latest modes. These were translated into knit-and-purl instructions. Garment models were supplied to every store that ran knitting classes—more than half the department stores of the country by that time, many of them using whole staffs of their own instructors. And the publishing of instruction books, to be sold to women for 10 to 35 cents has become such a big business that they have practically put yarn houses into the publishing business. Copies sell by the million. They have become a real merchandise item for stores.

An importer, T. J. Porter & Sons, with distribution of high quality shetlands mainly to smaller specialty shops, even went so far as to produce a knitting book designed—by George Switzer—to do in print all the work of a personal instructor. Knit-and-purl instructions, row by row, are complete to the last stitch and the whole book is devoted to two garments. It sells at 50 cents—the highest price in the business—at a profit to both the company and the store.

Cotton yarn people capitalized on the boom, too, primarily outstanding companies like Spool Cotton and American Thread. Their product had price advantages. Even silk producers strove to make yarn that women could work easily. The color, strength, and texture of silk make a powerful appeal. But knitting difficulties handicapped silk. Today the Belding, Hemingway, Corticelli Company is bringing out a new yarn intended to overcome these handicaps. But cotton and silk companies went into the store instruction business less extensively. Their volume did not justify it.

The year just closed gave the whole movement such an upward thrust that yarn promotion is almost hectic. The demand for the new kind of instructors was hard to meet. So Ulmann and Lees both conducted training schools on a national basis. Ulmann, for example, ran three schools in San Francisco, Chicago and New York that graduated about 300 smart experts enrolled by their store employers. In 1935 these schools are expected to grow into "universities of knitting." Each yarn company not only trains women for stores, but must build up its own corps of demonstrators who know knitting

SALES MANAGEMENT

and can stage style shows effectively.

Ulmann supplies a complete plan book for style promotions to customers. It describes every necessary detail—mannequins, accessories, music, best show times, best store locations, advertising and window display ideas, and general organization. Hundreds of stores run seasonal fashion displays for a week or two at a time, following these "directions on the handle."

This special training and promotional effort, offered to exclusive dealers at prices that bear some ratio to their volume, has greatly reduced national advertising of yarns. Producers are running their competitive battle for business by spending their money to aid store promotion. Brand name

advertising has practically disappeared, with whatever effect that may have.

"This knitting craze will stop overnight; just like all the preceding ones," declares a sales head in the industry. Others disagree. "It can't do that this time," a leader believes, "because the style element gives it a stronger hold on women's imaginations."

But while it lasts it is good. Volume goes steadily up and so do profits. The proportion of fine yarns at \$1.20 a ball—instead of the standard 50 or 60 cents—is rising, thanks to yarn beauty and the style appeal of garment suggestions from producers. And more thousands of women are beginning to knit every day.



Executives of the Ford Motor Company and managers of 34 Ford domestic sales and production branches gather at Dearborn to hear Henry Ford say, "So far as we are concerned, the depression is over." He and Edsel Ford are kneeling in the front row.

Talking Points

MOUQUIN's ready-mixed cocktails come in a bottle with a shaker drain top. It is not necessary for imbibers to transfer the stimulants into a shaker, just vibrate and pour into iced glasses.

HENRY FORD steps on the starter of the new model V-8 with a personally signed message. But he leans over backward to avoid "high pressure" selling. "Last year's V-8 was a good car. . . . We don't say to any customer with a last year's car that his car is out of date. If it is giving him service, and if he is not in the market for a new car, there is no reason for him to feel that he is behind the procession. . . . The new car has all the advantages of last year's car, with something added. . . . It is entirely probable that some of our prices will be lower than in 1934. We want them lower because we expect to build a million cars and better next year, and the price must be right." There's a ring of sincerity about Mr. Ford's modest statement that should carry weight.

FALSTAFF BREWING, St. Louis, has, like all brewers, gnashed teeth at the drop in beer drinking during cold

weather. Now it brings out a "winter beer. . . . What an anti-freeze. . . . Warms me up all over" to counteract that seasonal decline. Some malt-and-hops men estimate that their sales to-boggan as much as 60% in blizzard season. They will keep tabs on Falstaff's experiment, observe whether or not the campaign goes over, the winter beer goes down.

GULF REFINING talks to "men who believe in being generous after December 25. . . . Mix a word about motor oil with your Christmas sentiment," put "nothing but the best oil into that brand new crankcase. . . . Such an oil will preserve new-car performance long after the first showroom gleam has faded. We offer our own Gulfpride. . . . the finest in the world. It can stand more heat, more cold, more abuse than any other made—for Gulfpride is refined by exclusive Alchlor process, which weeds out impurities that no refiner has been able to eliminate before."

INTERNATIONAL HARVESTER announces "Indiana's first prosperity trainload of tractors" in Indianapolis papers. The train, the first in four and a half years, "caused a sensation. Farmers and business men along the line were quick to recognize it as solid

evidence of progress and prosperity on the farms." Two other trains to Milwaukee and one to Memphis demonstrate that the "world's largest tractor builder" is plowing into pay dirt.

FOWLER & UNION HORSE NAIL COMPANY, Buffalo, ships a carload of horseshoe nails to Manhattan, the first in 25 years. Even the Big Town, for all its myriad motors, needs Dobbin. Incidentally, there are more Dobbins in the land, the equine population having risen to 17,000,000 with prices at an all-time high.

HUDSON and TERRAPLANE 1935 models have an "Electric Hand" that "does away with the old-style gear shift lever, and leaves the front compartment free. . . . You never take your hands from the wheel." They also have the "first automobile bodies ever built all of steel." H and T may be the first, but Fisher will soon give them competition on those all-steel bodies, with its "turret top." And Mr. Chrysler won't take the challenge lying down. Counterclaims and squalls of refutation are predicted in the auto firmament.

WHITELEY'S "King's Ransom" Scotch whisky is "voyaged 30,000 miles, twice across the equator, to age and mellow in sherry casks" before Alliance Distributors, Inc., place it tenderly in buyers' hands. The rolling and tossing of the 'round the world trip, it is asserted, imparts an ultra-smooth flavor.

NORTH AMERICAN RAYON CORPORATION celebrates the completion of its enlarged plant at Elizabethton, Tennessee, by bringing out an eye-filling book, "Firsts in America." Handsomely printed in four-color offset, the book describes 76 such "firsts" beginning with the first advertisement, ("appeared in the Boston News-Letter in 1704 and offered a reward for the capture of a thief") and continuing through the first chop suey, newspaper, photograph, plow, etc. Facing pages show dresses and fabrics of rayon. Other pages tell of the company's growth and present scope. "As a result of constant experimentation. . . the company is now producing the finest rayon yarn. . . ever produced by any company anywhere."

WRIGLEY'S "Double Mint" gum trespasses on the cosmetics' home territory when it recommends for "a quick beauty pick up" the munching of gum; "it gently starts up your facial circulation which immediately helps do away with tense, tired lines about your eyes and mouth."

This study, conducted for a gas and coke firm, shows clearly the extent to which success in selling depends upon number of contacts with potential buyers. Make a similar study in your own business and use it to spur the "Only Fair" and "Almost Good" groups of men to more productive field effort.

Axiom: We Break More Quotas When We Make More Calls

ALMOST any sales manager can get his salesmen to agree with him when he says that more calls will produce more sales. But salesmen, like buyers, need to be shown more specific proof of such generalizations.

Here are some simple figures, developed out of a study made by an eastern gas and coke company, which clearly demonstrate the direct connection between number of sales calls and results. They show definitely that the stragglers on the sales force are poor producers mostly because they are not energetic enough in contacting possible sources of business. Almost any company can utilize the technique of this study, for a similar one to be used in correcting laxities on the part of their own salesmen.

Best Men Make Most Calls

During a two-months' period at the start of the "busy season" a careful record was kept of a group of 39 commission salesmen. These men, employed full time, varied in these ways:

	Average Number of calls on prospects per day	Average Number of quota pts. made per month	Ratio of calls to orders
Top group of salesmen (in orders taken)	43	800	12
Average group	32	226	16
Bottom group	20	88	32

Notice two points: (1) The men making the greatest number of calls averaged highest as a group in sales results. (2) The men who made the greatest number of calls were more skillful salesmen, for they required fewest calls to obtain an order. Here are vivid proofs of relationships that apply, in one form or another, to many lines of selling.

You may sell door to door, or behind a counter, or by proposal and negotiation, or to distributors and

BY
J. STEWART
WILSON

dealers—but the more work, intelligently conducted, the better and surer the results. *Yet it takes more than a start!* Many men commence well, but soon peter out. That may be natural, but it is fatal to a steady flow of orders, particularly in lines where an intensive effort must be made during a short season, or for a brief intensive period.

Each month for three busy months the ten highest canvassers were compared. The picture:

	Calls per day per cent	Evening appointments per week per cent	Deals closed per month per cent
1st month (of the busy season)	100	100	100
2nd month	82	93	79
3rd month	65	67	64

These men started out full of enthusiasm and ambition, but gradually, as the weeks passed, their original stock of spirit ebbed. Sales dropped.

Top men—to stay on top—must keep working consistently. On the other hand, low men who can increase their efforts—of brain and brawn—have a greater chance of improved standing.

Weather, competition, territory, and what-not often may seem more important than hard, unromantic sales work. It might have seemed so in this case—until a study showed another picture. Three similar territories were selected. There were slight differences, but they tended to neutralize each other. The big differences were in the way the men worked. Here is how three men compared:

	Av. quota pts per month	Av. calls per day	Av. evening calls per week
—territory A	900	30	24
—territory B	700	23	17
—territory C	500	17	8

These three men were sales-and-service men. Their performance shows no marked deviation from the experience of tens of thousands of specialty salesmen, routemen, clerks, and zone managers. If ample high-grade effort is put into missionary calls, trouble and instruction calls, canvass and solicitation calls, then more new customers are gained, more old customers are held, and bigger orders are taken from both old and new customers.

Toil, Not Soil, Brings Crops

Let's look at the true story of "Andy" and "Amos." "Andy" had the best of some 25 territories in his branch area. Sales were fair—656 quota points a month. And Andy had to average only 18 calls a day—a short day's work.

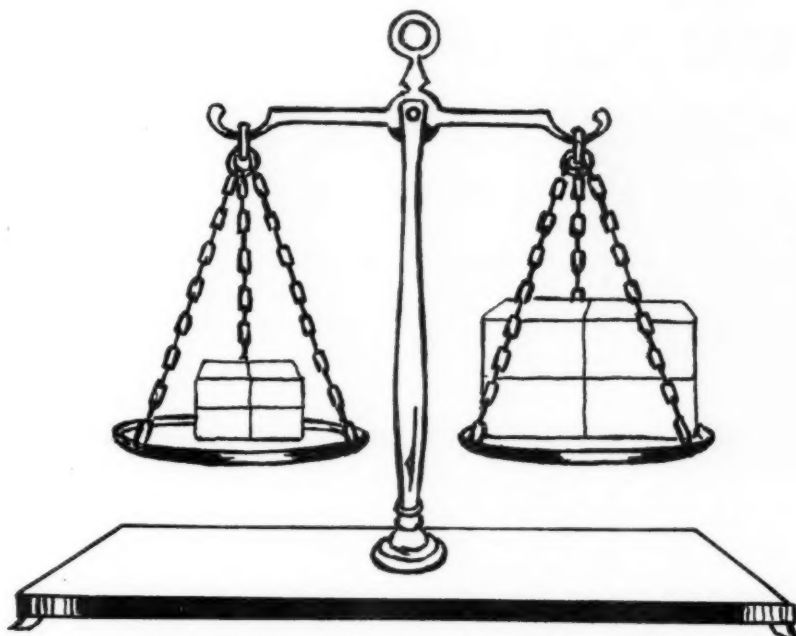
"Amos" had the poorest territory in the branch. But there was a certain amount of business in that territory, as there always is in any territory. And Amos made up his mind to get every scrap of possible business. To carry out his intentions he had to average about twice as many calls a day as Andy, each and every day. It was hard work, but as a result his total quota points were far higher than Andy's and he averaged only 8 points less than the best territory in the whole branch area!

In other words: *An easy-going salesman cannot build up the best territory to maximum volume if he contents himself with minimum attention to prospects and customers. But a purposeful man can build any territory to its maximum by intelligent and consistent effort.*

An illustration of another facet of this problem is found in the work of the three men referred to previously.

(Continued on page 47)

SALES MANAGEMENT



The intelligent sale of one pound of quality is worth
the sale of ten pounds of price

A Thumbnail Talk About Quality Salesmanship

BY BRUCE CROWELL

THE most successful salesmen I know are men who pin their hopes of success on the sale of quality products. Every sales manager knows that, when the line is wide, or when there are several similar lines of varying price, the company's business invariably drifts to the low-priced lines. This is because most salesmen find price lines easier to sell, and thus often let buyers who should be using higher quality merchandise progressively trade down into the cheaper brackets.

Salesmen who fall into this error soon find the major portion of their business concentrated on cheap lines. They begin to find all of their buyers excessively "price-minded." Then they begin to lose business because a price buyer is anybody's—anybody's who will trim a few more corners and quote a little more cheaply.

The only true customer you have is the man (1)
Who uses your quality goods at whatever its price

because he is satisfied with its performance; (2) who respects your company and likes to deal with it; (3) who likes you and believes in you as your company's representative. That is the only basis on which a business can build soundly for the future, and the only basis on which you can become progressively worth more to your employers.

Trade up. The knowledge that better goods are always worth the extra cost should give you the courage to sell it energetically and sincerely. Sell quality, and your buyers will stick with you—not go wandering off every time somebody whispers "We can sell it cheaper." Sell quality, and you insure your future and your company's future on a profitable basis.

And over and above all this, there's the added increment you will earn in the sheer satisfaction that always goes with ability to sell above the price-fight level.

Reprints of this page are available at three cents each, remittance with order.

The Sales Outlook for the First Quarter

BY JULES BACKMAN AND A. L. JACKSON

Vice-Presidents, Economics Statistics, Inc., New York City

A REVIEW of trade and sales developments for the year 1934 shows that sales for the United States as a whole increased approximately 13%. Practically every section of the nation showed some improvement over the preceding year, but, due to special circumstances, certain districts experienced a greater improvement than others. Before analyzing the outlook for 1935, it should prove of interest to review the trade conditions of the various sections of the country during 1934 and the causes of the improvement.

From the adjoining table it can be seen that the districts of Boston, New York and Philadelphia, the principal manufacturing and industrial centers of the nation, reported the smallest gains in sales. On the other hand, exceptionally large increases were experienced in those territories primarily interested in agriculture, while about average gains were reported by those territories equally interested in agriculture and manufacturing.

The Why of Sales Trends

There are several reasons for the sharp increases in the agricultural districts. First, those districts which showed the greatest gains this year in many cases experienced a relatively poor level of trade in the previous year. Second, the distribution of benefit payments had an important bearing on trade. Note that only 2/10 of 1% of the total benefit payments made to agriculture was distributed in the Boston Federal Reserve District, 1/10 of 1% was distributed in the New York territory and 3/10 of 1% in the Philadelphia section. In the Atlanta district, which showed the greatest gain for the year, 14.6% of the government purchase and benefit payment was distributed. A third explanation of the sales trends, indicated in the table above, is as follows: In previous years large agricultural crops were produced and large quantities were not marketed. A large proportion of this surplus was held by the farmers. The small crop for 1934, resulting from the drought and the A.A.A. curtailment program, caused farm prices to increase

position to expand operations in the future.

At the present time it is impossible to estimate what farm income will be in 1935. However, marketing of both crops and animals is holding up well for this time of year and farm prices are near the highest level since recovery began. As is indicated by the first acreage estimates, the 1935 crops will be below normal and surpluses will be

Trade in 1934 as Compared with 1933

Reserve District—	Dept. Store Trade % Increase 1934 over 1933	% Purchase and Benefit Payments (Approximate)	Wage Payments % Increase 1934 over 1933
Boston	5	.2	+ 2.7
New York	6	.1	+ 6.1
Philadelphia	9	.3	+15.5
Cleveland	17	2.3	+15.0*
Richmond	18	6.0	
Atlanta	27	14.6	
Chicago	18	16.4	+12.0
St. Louis	16	8.8	+12.0*
Minneapolis	11	10.4	+17.8
Kansas City	17	21.1	+12.0
Dallas	23	16.3	
San Francisco	10	3.5	
United States	13		

*Estimated

sharply, and enabled the farmers to market both the current crop and the surpluses held from previous years at comparatively profitable prices.

Since payrolls of manufacturing industries increased so sharply during 1934, one might ask why that increase did not result in much sharper gains in sales in such industrial centers as Boston and New York? The answer is that the increase in payrolls of these districts was only slightly in excess of the rise in the cost of living, while those areas benefiting from large farm income reported much higher wages and payrolls. For example, manufacturing payrolls in the Boston Federal Reserve district increased only 2.7% during 1934 as compared with 1933. In New York the increase amounted to only 6.1%.

On the other hand, average weekly payrolls in the Chicago and Minneapolis Reserve Board districts increased 12% and 17.8% respectively. While there are no exact figures on other districts, rough estimates indicate that payrolls in the Cleveland district increased 15%, and for Kansas City and St. Louis approximately 12%. As yet, although the improvement in districts such as New York and Boston has not been great, the improved situation in agricultural and rural districts has had the effect of reducing inventories of manufacturers in the larger metropolitan areas, thus placing them in a better

further reduced. In all probability, therefore, farm prices should remain high. Furthermore, manufacturing activity is increasing and the outlook is for further improvement. This indicates a continued good demand for farm products, and gives reasonable assurance that farm income during the next few months will continue at a relatively high level.

Sees Gain for Farm Markets

Farm purchasing power will continue to be stimulated through government activities. First, there is still a large amount of government benefit payments to be made to farmers, which will continue as a stimulus for those areas which were most seriously affected by the drought. Second, the cotton loan plan, which will be in effect until January 31, 1935, will create a great deal of purchasing power in the cotton producing states during the next few months. Third, the government has committed itself to a large amount of relief spending in other forms which will necessarily be continued. While these factors may prove to be a temporary stimulus only, they are important considerations when viewing sales prospects for the immediate future.

Thus it seems that sales in the farm territories during the next few months will continue to show sharp gains as compared with the first part of 1934.

However, as compared with the current level of trade or the level that has prevailed since June, the improvement will be small. The high level of farm purchasing power and sales in farm territories will further reduce inventories of manufactured goods and lead to an increase in manufacturing production. This will mean greater improvement and a larger manufacturing payroll. Thus, during the next few months, there should be a tendency for sales in the industrial centers to show sharper gains than has been evidenced during the past year.

In summarizing, it is to be noted that at the present time the best sales territories are those of Richmond, Atlanta, Dallas, Cleveland and Chicago. It also seems that these districts should continue the best sales territories for the next three or perhaps six months. However, there will be a tendency for the rate of increase over the corresponding periods of the previous year to become smaller. As is indicated by the current improvement in textile activity, primarily in the wool, silk and

rayon industries, the districts of Boston, New York and Philadelphia should show relatively larger gains over corresponding periods of last year.

In considering the probable trend of sales in 1935, there is another factor that must be kept in mind: Will building and the allied industries recover to any material extent during the coming year? (See *SALES MANAGEMENT*, December 15, 1934.) During the past two years of recovery, the only stimulus that has been given the building industry has been that of government construction. There is a large need for building, but costs including both material prices and wages are too high (the abandonment of price fixing in the lumber industry should correct the maladjustment in the price of that material) or at least so high that new construction is greatly restricted. If the maladjustments now existing in this industry are corrected, the expected improvement in trade outlined above will be greatly accentuated and the large industrial centers will be the chief recipients.

Eleven Companies Start Campaign to Tell Their Part in U. S. Life

AGAINST the onslaughts on large corporations and "vested interests" generally, which have been started in various parts of the country in the last few years, eleven of these corporations start a vigorous and sustained counter-attack.

These corporations, the combined assets of which are several billion dollars, are General Motors Corporation, United States Steel Corporation, Standard Oil Company of New Jersey, Goodyear Tire & Rubber Company, General Electric Company, Johns-Manville, Inc., Libbey-Owens-Ford Glass Company, Continental Can Company, General Mills, Inc., Norton Company (leading maker of abrasives and grinding tools), and National Dairy Products Corporation.

Their medium is one which, for 78 years, has been the literary "Bible" of conservative and well-to-do people, the *Atlantic Monthly*.

It was in fact the *Atlantic*, under the publishing and editorial direction of Ellery Sedgwick, which brought this group together. The magazine set out a few months ago to persuade 12 corporations, each of them preferably the leader in its industry, to join in a "synchronized" campaign. In addition to running a page monthly in the magazine, starting with the January, 1935 issue, one of the twelve would be interpreted in a 5,000-word article

(eight pages) by Arthur Pound, in each issue. This article would be paid for by that particular corporation at the regular rate of \$420 a page. The investment of each for a total of 20 pages in 12 months therefore would be \$8,400.

Actually, however, the individual investment was placed at \$10,000. Mr. Pound's series will be published in book form, at the time of the appearance of the final article. The book will be called "Industrial America: Its Way of Work and Thought." From the additional \$1,600 from each company Mr. Pound will be paid for his research and writing; copies of the book will be placed in 11,000 standard libraries, and 300 copies given, without cost, to each of the advertisers.

In announcing the plan to prospects, the *Atlantic* pointed out that "regardless of the nature of its business, every corporation with a capacity for employing thousands of workers is today invested with a degree of 'public interest' undreamed of a decade ago.

"In the name of patriotism and economic self-sufficiency," the magazine added, "almost every conceivable economic and political innovation is now being tried out by some nation somewhere. For a corporation operating under a democratic system of government, the obvious stabilizer in a

period of economic and social change is a carefully planned and well-directed appeal to intelligent public opinion."

Announcement to *Atlantic Monthly* readers said:

"Our national prosperity awaits recognition of the basic fact that America and American industry are one. America's great corporations have come to possess paramount social significance; their operations condition the daily life of the people. A knowledge of their work, their thought, their policies—the philosophy that governs them—is vital to present understanding and future hopefulness."

The plan starts in the January issue with 11 participants. A twelfth is expected, but the plan will be carried through whether this company is signed or not. Pages from only six of the 11 "made" this issue. The others are expected to start in February. All will continue through 12 issues. Mr. Pound's "reader" for January is about General Motors, and entitled "Precision and Perspective." (He is the author, among other works, of "The Turning Wheel," a history of GM, published last year.) The article appears directly after the editorial section. On succeeding right-hand pages are insertions from Goodrich, General Electric, Standard of New Jersey, Johns-Manville, Libbey-Owens-Ford and Norton.

A Scoop for *Atlantic Monthly*

Unique in conception, the "synchronized industrial plan" is unusual in bringing together in a national magazine several advertisers who do not usually use such a medium. Norton, now celebrating its 50th year, is primarily an "industrial" concern. So is U. S. Steel, largest company in the group, which is perhaps making its "consumer debut" with this series. Standard of New Jersey confines its activities in this country chiefly to eighteen eastern and southern states, and advertises primarily in "local" media.

Advertising agents of these companies are paid 15 per cent commission on the full \$10,000—the agent presumably preparing one full page for each month's issue of the "portfolio" section, collaborating with Mr. Pound in the preparation of its client's story, and supplying at least three full-page illustrations for "Industrial America."

Two corporations, probably the largest in the United States—American Telephone & Telegraph Company and Metropolitan Life Insurance Company—are not participating in the series. They have been selling *Atlantic Monthly* readers for many years.

\$1,000,000 Newspaper Campaign to Help Squibb Stabilize Prices

THROUGH a \$1,000,000 newspaper program, involving weekly use of 135 newspapers in 90 markets of the country, and through appointment of 232 wholesalers as "factors" carrying its household products on a consignment basis, E. R. Squibb & Sons, New York, will inaugurate this month its most powerful program to increase distribution and sale, and to stabilize prices of its "household necessity" drug store products.

While continuing to use 14 magazines for its institutional campaign, "... And the truth shall make you free;" and continuing its personal "detailing," advertising, sampling and exhibitionary work among the medical profession, Squibb will start consistently and aggressively to make the sale of these products more profitable to its retailers.

Newspapers and magazines together, the program will be the largest in the 76 years of this company.

With a background of "emotional response" developed by the magazine series, which is based on a "high conception of human benefits through scientific medicine," explains Theodore Weicker, executive vice-president of the company, the newspaper campaign will promote specific Squibb products. Featuring each time a single "offer," each insertion will mention other items in terms of "price sizes."

The newspaper series, starting with 840-line copy, will be done in "shopping list" style. This technic has been developed from tests last fall in ten large city markets, and from a study of 3,000 consumers and of retailers, and wholesalers. Over a year's period, it is expected, every member of the company's household necessities line will be given emphasis.

Four Distinct Elements in Ads

"The selling strength of the shopping list advertising," Mr. Weicker continues, comes from "a combination of the good will building strength of magazine advertising, plus the insistent featuring of a wide range of products—plus the special advantage of presenting these products on a concrete selling basis in a definite community, to the customers of the retail druggists of that community."

Mr. Weicker lists "four distinct elements" of the newspaper advertising:

"The first is a dominant headline and message, which crystallize the good

BY
LAWRENCE
M. HUGHES

will values of the national magazine advertising into simple and direct selling terms. This introductory text definitely places all of the items featured in the advertisement sharply against the background of Squibb prestige, standards and values.

"The second element is one or more featured combinations, each of which presents two Squibb items selected from the line, and offered at a special price. These combinations represent powerful leaders to the remainder of the Squibb line, and offer the retailer an effective means of actively tying up his store to our newspaper advertising.

"The third element in the new type of newspaper advertisement is a group of selected products, ranging from six to twelve, each of which is illustrated, each of which is named and described and clearly priced.

"The fourth is a supplementary list of a dozen or more additional Squibb items from the line, which are listed and priced only."

Mr. Weicker believes that this is the first time consistent use of the "shop-

ping list" method ever has been applied "by any manufacturer of medicinal household necessities." All the newspaper advertising will be paid for by Squibb and prepared by its agency, Geyer-Cornell Company.

One ad is headed, "Squibb — A Name You Can Trust." In a "bull's-eye" below the headline and 50 words of explanatory text are offered the 40-cent size of both the company's dental cream and milk of magnesia, for 71 cents. Nine products and their "price size" are described, ten others and their "price sizes" are listed in a box. At the bottom is the line, "Featured at Leading Drug Stores."

The word *featured* means just that. In connection with the magazine and newspaper programs, Squibb is conducting an intensive campaign to insure that the offers featured in the newspaper advertising also are emphasized at point of sale. A 5x28 inch window card says, "We Carry a Full Line of Squibb Quality Products," with the Squibb name, in bold face, taking half the space on the card. Window cards on the current bull's-eye offer, and blow-ups as window posters of the entire newspaper ads, with prices circled, are some of the others. Squibb suggests the showing of its products, with identifying cards, to carry out the "full line" idea. Display racks for related products also are among other material offered.

Newspaper Cooperation

The newspapers are being asked to cooperate with Squibb salesmen in seeing that retailers take full advantage of the plan. The 90-market program was anticipated last month with a series of meetings of Squibb salesmen in New York, Chicago, San Francisco and Dallas. There followed meetings of company and agency executives with executives of newspapers which will receive the schedule. The newspapers are being asked to inform retailers that they are carrying the "shopping list" series, and to check on installation and use of display material. In larger cities, where more than one newspaper is scheduled, these responsibilities are being divided. In New York City, for example, with four papers used, retail work is being "zoned" among them. Brooklyn is cared for separately by the newspaper scheduled there.

In the test of ten markets, Squibb changed product offerings every week. Though it is estimated that four-fifths of retailers carrying these products gave special display emphasis to them, it was found more advisable to feature in newspapers the same group of products somewhat longer. The copy will be changed from week to week but the

SALES MANAGEMENT

group will remain the same for a month.

In addition to stimulating consumer response, by concentration on specific products, the plan already has proved effective, it is pointed out, in encouraging price stabilization on the part of large and small outlets. With a certain combination offered as a "reasonable leader," the stores are less inclined to seek out and promote *unreasonable* leaders.

The druggists who are members of the Squibb Plan, and who receive discounts annually, for attaining their quotas of purchases from E. R. Squibb & Sons, it is explained are more than willing to cooperate. To insure that other independents, and the chains, pursue a live-and-let-live policy the

company appoints 232 wholesalers, in 45 states, as "factors." (Fifty-six of these, incidentally, are McKesson affiliates.) The factors are sold on a consignment basis. Since Squibb cannot legally control the resale price of merchandise which it does not own, the company has decided to own the merchandise until it is sold by the factors. It depends on the newspaper advertising and the use of the display material, as well as the dealers' understandings with one another, to stabilize retail prices.

Prices mentioned in the newspaper series are the same East of the Rockies and will be promoted simultaneously throughout this area. West of the Rockies the advertised offers will be standardized.

none too practical, each seeing with his own eyes, doing the grading, we believe it would be next to impossible in criminal action to convict any canner of mislabeling who chose to label a B. product Grade A.

"Other equally sound objections to the A.B.C. grading system are:

"1—Certain important characteristics of canned fruits and vegetables such as the sweetness of the syrup in which fruits are packed, the size of peas, the proportion of 'cream' and kernel in cream style corn, are matters of individual and even regional taste preference, and have nothing to do with grade.

"2—A.B.C. label grading would lower the quality of the pack by removing requirements of a grade.

"3—Although of practically the same food value as the better grades a large proportion of the raw product of the industry cannot even by the best canning technique be made to rate A. or B.

"If this large part of the pack is stigmatized as third quality it will be difficult to sell, even to present satisfied buyers, with consequent injury to the consumers, the canning industry and particularly to farmers.

National Canners Association Girds Loins for Fight on A.B.C. Labels

THE National Canners Association, representing some 3,000 canners, wages war on the proposed A.B.C. labels on canned goods, advocating instead a "descriptive" label. C. M. Walters, of Libby, McNeil & Libby, Chicago, is chairman of a committee carrying on the fight for the descriptive label. The work is being done through "educating," by advertising, those who may have influence in enacting the idea into law as well as the public in general.

Proponents of the "descriptive" label hope to get it through any one of three means:

Through the rewritten Copeland Bill, a part of the proposed new Food and Drug Act;

By writing it into the canners code; As an amendment to the present Food and Drug Act.

Supporting the "descriptive" label besides the organized canners, are the wholesale grocers, and a majority of the independent retail grocers, who operate some 300,000 stores. On the other side are the chain store operators, with the exception of the A & P, with their 22,000 stores. They have gone on record as favoring the less specific A.B.C. system.

The National Editorial Association, with headquarters in Chicago, is aligned with the "descriptive" label forces because the publishers believe the A.B.C. grading would mean a loss in advertising. Their point is, and the canners have discussed it, too, with furrowed brows, that if all canned products are labeled A., B. or C., which signifies first, second and third grade, and if they are sold

Are They Both Right?

Observers of the brisk battle between the A.B.C. and "descriptive" label cohorts may agree with the famous opinion of Sir Roger de Coverly that "There is much to be said on both sides." It is possible that the consumer and all other interests would be best served by a combination of the two proposed systems.

Under the grading system advocated by Administrator Riley and the Consumers Advisory Board, labels could carry both the A.B.C. and descriptive type of designation. There are no provisions in the governmental recommendations to prevent the canner, if he so desires, from printing an entire book on his label—provided he also uses the A.B.C. grading.

strictly on grade, the canners will have "nothing left to advertise."

Mr. Walters, when asked by SM what the fight is about, said:

"The A.B.C. method of grading, we believe, would tend to grade goods down rather than up. It would lower the price to the grower. It would mean less care in selecting seed, result in the use of less fertilizer and less care in producing crops.

"Vegetables and fruits are packed in 44 of the 48 states. Conditions differ widely. Proponents of this system say that any canned goods scoring more than 80 points could be considered Grade A. If so, what is the incentive for any packer to seek to make a pack that would grade 95 or 97 points?

"With 4,400 men, many of them

Canners Want "Talking Points"

"To avoid these disastrous consequences of A.B.C. label grades canners propose to:

"1—Put on the label terms descriptive of each of the significant characteristics of the product that are susceptible to physical test.

"2—Use a prescribed vocabulary of terms which are familiar to or employed by the consumer.

"3—Define these terms so that (a) the canner will be able to use them properly, and (b) that the food authorities can enforce their proper use."

With this descriptive labeling plan, the label could describe peas for example, as:

Very Tender, Medium Tender or Firm; Tiny, Small, Large, Extra Large or ungraded as to size;

To a high degree Free, Practically Free or Reasonably Free from broken or off-color peas, pods or buds; Sugar or No Sugar Added; Salt Added or No Salt Added; Style of pack.

"In this way," Mr. Walters said, "the canning industry plans to enable the housewife to buy canned fruits and vegetables with greater knowledge of what she is buying.

"It is our desire to be able to tell the consumer something of flavors and other important intangible factors which would be eliminated as sales arguments under the A.B.C. label method. We want points to talk about, something to advertise."

In making their fight for descriptive labeling, the canners and their allies are opposing the Bureau of Agricultural Economics of the U. S. Department of Agriculture, the Consumers' Advisory Board of the NRA and other groups.

Newspaper R.O.P. Color Advertising Expected to Show Big Gains in 1935

MORE than four hundred newspapers in the United States are now equipped to print color in advertisements. Three hundred and two now offer advertisers black and one additional color, run-of-paper, in regular daily editions. Black and two colors are offered by twenty-five; black and three colors by twenty-six; black and four colors by six. Color in special magazine sections is offered by 103 newspapers.

Growing demand among advertisers for color has resulted in much experimental work in recent months. Manufacturers of newspaper presses are fast developing new presses, and color attachments for old standard presses. Ink manufacturers have had their laboratories at work perfecting new quick-drying inks.

The ink problem has long been a stumbling block in newspaper color work. With highspeed presses the inks must dry with extreme rapidity. This is especially true where three or more colors are used and where one color is printed over another to give multiple tone effects.

Thirty Years of Experiments

Close register has been another distinct problem. That problem is being solved along with others. The use of color is not new. Colored headlines were used in Denver thirty years ago. Bonfils & Tammen, in their *Denver Post*, used screaming red across the top of page 1 with the turn of the century.

Red headlines were common in Oklahoma newspapers twenty-five years ago and at about the same time they appeared in the old Fort Worth *Record*. These colors were attained by the simple process of casting duplicate plates and routing in the stereotyping rooms.

The Chicago *Tribune* printed a special two-color edition in 1893 to commemorate the World's Columbian Exposition. It was a slow, tedious job and none too satisfactory. This paper attempted no further color printing until 11 years later when, for a few weeks, it featured McCutcheon cartoons in color.

The *Tribune*, after this experiment, returned to solid black for another twenty-two years. Then, in 1926, it used a double-truck two-color graph to tell the world of its circulation growth.

One of the most significant advertising developments during depression years has been the technical improvements in newspaper color printing and the tremendous increase in the number of color advertisers. This survey of newspaper color brings up to date an analysis which appeared in our issue of August 15, 1933. It is impossible in any article to cover the field completely and the examples cited here are typical of what is happening over a wider area among many national advertisers and in scores of newspaper plants.

THE EDITORS

Three years later Chicago department stores bought 14 pages of two-color advertising in the *Tribune*, run-of-paper.

Advertisers in the *Tribune*, daily and Sunday, used thirty-two color pages in 1930 and eighty-two in 1931. Up to now all separations have been made in the stereotyping room, two casts being made from each matrix, after which the desired results were attained by routing. The second color was achieved by the simple process of filling a black ink fountain with colored ink.

Now we come to a new epoch in color printing. The *Tribune* completed, early this Fall, the installation of a battery of new color presses built at a cost of \$1,250,000. These new presses, using fast-drying inks and hair-line register, print on a web moving at the rate of 1,650 feet per minute.

Color separation has been switched to the engraving department. Color plates are produced separately. Each matrix is cast separately in special hand-casting boxes to assure accurate register. The large non-printing spaces are routed out by stereotypers and the plates are given nickel baths to strengthen the dots and surfaces.

Among the well-known names using full color in the *Tribune* in recent months are:

Allied Florists, Anheuser-Busch, B. T. Babbitt, Balaban & Katz, Best Foods, Borden, Bristol-Myers, Buick, Canada Dry, Colgate-Palmolive-Peet, Congress Cigar, Continental Oil, R. Cooper, Jr., Davis Store, Dodge Brothers, Drewery's, Ltd., Educator Food, Fair Store, Fannie May Candies, Frigidaire, General Cigar, Gen-

eral Foods, Goodyear, A. & P., Hills Bros., Hinze Ambrosia, Holland Furnace, Hormel, Jewel Food Stores, Kellogg, Kelvinator, Lytton (Hub), Mandel Bros., Marshall Field, Milk Council, Montgomery Ward, National Biscuit, National Tea, Norge, Premier-Pabst, Procter & Gamble, Maurice L. Rothschild, Rumford, Sears, Roebuck Sinclair Refining, Squibb, Standard Oil (Indiana), Sterling Products, Walgreen Drug and Weil-McLain.

Maurice L. Rothschild, a leading Chicago clothier, recently sold 62,000 broadcloth shirts in two days following the use of one full-page color advertisement in a Chicago daily. Another color page resulted in the sale of nearly \$35,000 worth of women's coats.

"Color Produces More Business"

The Rothschild store employs its own artists who paint its color pages complete in cooperation with its advertising writers. These advertisements may employ several colors. They are bright and dignified. Mr. Rothschild personally discussed his color advertising with a representative of S.M. He said:

"I first employed color in the Minneapolis *Journal* eleven years ago. A pressman on the *Journal* worked out a method of using color at that time. It was a bit crude, but I found it effective.

"Color shows quality, compels attention, builds prestige, and sells. Of course it costs more per line, but it is effective. Because color produces more business, I consider it a good buy."

He pointed to a Twelfth Century tapestry adorning the wall of his office and added:

"It is color that makes that worth while. If that were in black and white it would not be very attractive or very valuable. Those colors, still bright and good, make it attention compelling. It is an inspiration to me. Perhaps it has influenced me in my desire to employ good color advertising."

A. N. Steele, advertising manager for the Standard Oil Company of Indiana, one of the largest users of color pages in the Central West, is a firm believer in run-of-paper color advertising. Metropolitan newspapers in the thirteen states comprising the Indiana company's territory have generally been employed with full-page space.

A number of newspapers in the

SALES MANAGEMENT

smaller cities have permitted the use of less-than-page space by Standard. Mr. Steele said:

"I figure that on an average our color advertising costs us about 28% more than black-and-white. But our records indicate that they bring at least 50% more sales.

"We have used color effectively in our 'live power' animal series. We have been able to show wild animals, in motion, in color, on natural color backgrounds. We have been able to show the dull yellows of the desert and the greens of prairies and forests.

"The use of red in our advertisements enables us to show our Red Crown insignia and our bright pumps; also the blue striped uniforms of our station attendants. Readers more readily identify our stations after seeing these advertisements in color.

"The point that impresses me is that we get more sales per dollar out of our color advertising than out of black-and-white."

Rumor in the petroleum industry is that Standard increased its sales 20% during a single color-advertising campaign. Officials of the company, however, are reticent about giving actual figures.

"Color Has Come to Stay"

Kelvinator was the first buyer of large contract space in full color in a Chicago newspaper, run-of-paper. It started a series of thirteen full pages in February, 1933. The general technique in these advertisements was to show Kelvinator refrigerators filled with bright fruits, vegetables and meats.

W. S. French, of Brook, Smith & French, Inc., the advertising agency placing the account, said:

"Newspaper color has come to stay. It compels reader attention and gets sales. Color advertising is as legitimate in newspaper advertising as in magazine advertising. Ingenuity is overcoming the problems that inhibited newspaper color in the past."

Kingsbury Beer, according to Space Buyer Van Gunten, of Lord & Thomas, recently had a pleasing experience with newspaper color advertising. He said:

"We wished to tell the world that Kingsbury beer was a quality beer selling at a price only slightly higher than ordinary beer. We bought one full page, in color, and saw that it was a bright, clean, dignified, compelling advertisement.

"Salesmen went out to call on the trade at once after the advertisement appeared. Each carried a proof of the advertisement, in color, to show what was being done to sell Kingsbury beer

(Continued on page 54)

Snapshots

NASH MOTORS, Kenosha, Wisconsin, gave the home town folks a preview of the new Nash and LaFayette models. "These new cars will not be announced and publicly exhibited elsewhere until January 5 at the New York Automobile Show. We want the people of Kenosha to see them first."



Part of Gordon's drive for sales inside the import wall.

GORDON'S, counterfeited so extensively during Prohibition that it was practically synonymous with "gin," sneers at the bad old days by invoking the bathtub. That favorite utensil of bootleggers will not, of course, be used in the company's vast distillery at Linden, New Jersey. The plant, one of the world's largest, was built to escape the heavy import duties which handicapped Gordon gin sales when it was made in London.

The PALMER HOUSE, Chicago, leases shops on a percentage of the tenant's gross business. To make sure that the business is forthcoming, renters agree to spend a definite portion of their earnings for newspaper advertising. None but an aggressive merchant will agree to this form of lease, which is an innovation in realty.

RICHARD HUDNUT, INC., prints violets on checks issued by the company, and the recipients endorse them with an extra chuckle. All checks are welcome; those with posies are doubly so. GENERAL ELECTRIC encloses a small booklet describing its electric clocks when sending out payments by check. Thus, every bill paid, no matter how small, promotes sales.

LOUIS ALLIS COMPANY manufactures electric motors, and it was no easy task to show a buyer prices on numerous types of motors. Horsepower, bearings, frame sizes and wound rotors varied widely, affecting the price. However, a cardboard disk that turns to show eight slots, quickly and accurately tells the frame sizes and price of 448 types of motors. The Milwaukee company is distributing the "motor price wheel" to prospects and dealers.

With all of the "tight little isle" in a dither over the wedding of Princess Marina and the Duke of Kent, the KELLOGG COMPANY OF GREAT BRITAIN, LTD. ("renowned for the Empire's finest cereal foods") cashed in on the universal excitement. A front page ad in the *Daily Mail* pictured the scene at Westminster Abbey and the copy offered to "their Royal Highnesses loyal felicitations—and to the millions of consumers of Kellogg cereals a lasting souvenir of this memorable occasion: A reproduction on art paper of the historic picture. . . Applications must be accompanied by two packet tops." Obviously, that's the sort of premium to send John Bull scuttling to post a letter in the nearest pillar box. Right ho? Quite!

The DALLAS COUNTY CONSUMERS COUNCIL, a division of the National Emergency Council and AAA, wages war on the returned goods evil. "We, the consumers, pay the tremendous costs of returning and exchanging merchandise. We will all save money by making our selection in the stores; buying exactly what we want; making sure of the right size, right color." In addition to newspaper advertising, the Council employs a Department of Commerce bulletin "Consumer Viewpoint on Returned Goods" to educate the public on careful buying.

When New York City slapped a 2% sales tax on all merchandise, it gave merchants in the taxless suburbs something to crow about. The Chamber of Commerce in Stamford, Connecticut, let out the first cock-a-doodle in a page ad: "Santa Claus shot in New York City. Painfully wounded by a 2% sales tax. Just one more reason for doing your shopping in Stamford where you avoid, not only a sales tax, but a tiresome trip and fatiguing crowds." The Mount Vernon *Daily Argus* advised Westchesterites, "Now that New York stores have added to the inconvenience and discomfort of shopping in surging crowds, the additional cost of the sales tax . . . residents of this favored community should realize the advantage of shopping at home."



"We Believe CONSISTENT E



L. R. HOFF

He is president of the Johns-Manville Sales Corporation and has been vice-president in charge of sales for the parent Johns-Manville Corporation since 1914. He is now completing his thirty-fourth year with J-M.

Johns-Manville Corporation has 13 plants in the United States and in Europe; controls a large part of the world's asbestos. It produces over 1,500 products from raw materials to finished goods. Its great market diversity gives the company a special set of advertising, selling and distribution problems but a combination of all of these is solved by the company's American manufacturers. The photograph shows a number of the products and their uses, ranging from a block of pure asbestos (immediately above) to finished floor and roof coverings. Even though a large part of the company's business has been in the "durable goods" fields, it lost money only once during the depression. It is "coming back" strongly.

No. 4

This is the fourth of a series of studies (the first three covering General Electric, Bendix Aviation and Cannon Mills) dealing with the function and use of business papers, made by the editors of *Sales Management* and sponsored by these leading publications:

AMERICAN BUILDER and BUILDING AGE, *Chicago*
ARCHITECTURAL RECORD, *New York*
AUTOMOTIVE MERCHANDISING, *New York*
BAKERS REVIEW, *New York*
BAKERS WEEKLY, *New York*
BOOT AND SHOE RECORDER, *New York*
BUILDING SUPPLY NEWS and HOME APPLIANCES, *Chicago*
CHAIN STORE AGE, *New York*
CHEMICAL AND METALLURGICAL ENGINEERING, *New York*
CONFECTIONERS' JOURNAL, *Philadelphia*

THE OF GOOD BUSINESS PAPERS Gets Results"

"WE believe good business papers are valuable tools in our business. And we have learned, after years of using them, that it is not the spasmodic bursts of advertising but *consistent use*, year in and year out, that gets results. We spend between \$50,000 and \$100,000 a year carrying out this policy.

"There are, however, far too many publications. Many have no real reason for being. So we are selective. We think a paper must render a strong editorial service to its readers in order to be a good advertising medium. Such magazines are constructive forces for the good of their industries. They help to create business. And they help to keep us abreast of developments. That is why we subscribe to a good many—both individually and in the company's name—and encourage our men to read them with care.

"Of course we sometimes criticize business papers for putting too much high pressure into their efforts to sell us. And we often have to write down

Says

L. R. HOFF,

Vice-President and Sales Manager

Johns-Manville Corp.

the overzealous salesmen's talk about market help his paper is going to give us. But their advertising pages ably aid us to address a large proportion of the very men we want to reach. That's the main value of business papers to us. This advertising forms a strong backing for our direct selling.

"Through industrial and professional magazines we feel our product messages go straight to men who specify and buy. Merchandising papers help us to tell dealers about our policies and inform them concerning our rising volume of advertising and promotion directed to consumers. Thus we stimulate dealers to get business we are creating.

"All in all, our policy of *consistent* use of good business papers has been no mistake and we expect to continue it."

GOOD BUSINESS PAPERS BUILD BETTER BUSINESS

DOMESTIC ENGINEERING, *Chicago*
DRY GOODS ECONOMIST, *New York*
ELECTRICAL DEALER, *Chicago*
ENGINEERING AND MINING JOURNAL, *New York*
FLEET OWNER, *New York*
HARDWARE AGE, *New York*
HARDWARE RETAILER, *Indianapolis*
HOUSE FURNISHING REVIEW, *New York*
ICE CREAM TRADE JOURNAL, *New York*
IRON AGE, *New York*
JEWELERS' CIRCULAR-KEYSTONE, *New York*
MACHINERY, *New York*

MILL AND FACTORY, *New York*
NATIONAL PETROLEUM NEWS, *Cleveland*
NATIONAL PROVISIONER, *Chicago*
OIL AND GAS JOURNAL, *Tulsa*
PENCIL POINTS, *New York*
PROGRESSIVE GROCER, *New York*
RAILWAY ENGINEERING MAINTENANCE, *New York*
REFINER AND NATURAL GASOLINE MANUFACTURER,
Houston
RESTAURANT MANAGEMENT, *New York*
RUG PROFITS, *New York*
SALES MANAGEMENT, *New York*
TIRES, *New York*

Farm Income at \$6,000,000,000 in 1934—16% Increase Over '33

Authorities of the United States Department of Agriculture estimate total cash income from the sale of farm products, including AAA payments, at \$6,000,000,000 for the year 1934. But that cold figure doesn't give any conception of the radically improved state of the farmer until it is compared with the same figure of a year ago: The six-billion-for-'34 is an increase of almost one billion dollars—19%—over 1933.

Any estimate—even one by a recognized agricultural authority, for income for 1935 involves a long hazard, but one executive—a man who sits high up in the councils of one of the largest of all companies selling to the farm field—told SALES MANAGEMENT: "With present price levels, and the present outlook for crops, the gross farm income in 1935 should be between nine and ten billions of dollars. Based on buying in the past, in comparison to income, it is indicated that farm buying should be 100% greater in 1935 than in 1934.

"Buying in 1935, however, may be affected by two things: 1. The proportion of income that must go to wipe out debts, and 2. The mental effect of the lean years on the farmer. In other words, will he carry over enough depression-brought fear to make him unduly cautious in his buying? Some think the farmer will be very canny for the next year or two. Others seem to feel that he may go on a buying spree now that he is again getting his hands on more ready cash."

Farm Cash Income by States

(Brookshire estimates revised as of December 15)

	1934-35 (000,000 omitted)	% of Increase
NEW ENGLAND		
Connecticut	\$33	13
Maine	41	8
Massachusetts	39	8
New Hampshire ...	17	13
Rhode Island	5	0
Vermont	32	14
MIDDLE ATLANTIC		
New York	237	13
Pennsylvania	180	14
New Jersey	61	13
SOUTH ATLANTIC		
Delaware	11	19
Maryland	54	28
Virginia	104	19
W. Virginia	32	11
North Carolina	210	20
South Carolina ...	80	12
Georgia	121	10
Florida	78	28
EAST NORTH CENTRAL		
Ohio	210	14
Indiana	199	23
Illinois	301	20

Michigan	165	11
Wisconsin	238	14
EAST SOUTH CENTRAL		
Kentucky	118	25
Tennessee	109	16
Alabama	98	21
Mississippi	114	24
WEST NORTH CENTRAL		
Minnesota	226	9
Iowa	380	17
Missouri	205	18
South Dakota	91	17
North Dakota	71	—15
Kansas	236	36
Nebraska	217	9
WEST SOUTH CENTRAL		
Arkansas	107	20
Louisiana	81	29
Oklahoma	146	6
Texas	400	8
MOUNTAIN		
Montana	72	14
Idaho	71	11
Wyoming	36	5
Colorado	85	9
New Mexico	33	10
Arizona	27	13
Utah	33	2
Nevada	10	11
PACIFIC		
Washington	118	18
Oregon	84	15
California	435	17
U. S. State Totals ...	6,051	
Not Distributable ...	322	
Total U. S. A. ...	6,373	16

Valspar Ad Budget Up 25% in Anticipation of Improving Market

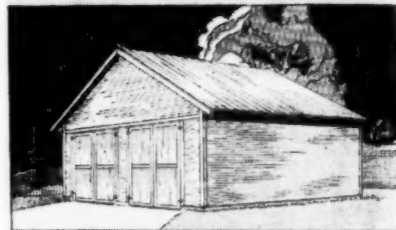
By O. C. LEININGER,
General Sales Manager,
Valspar Corporation

PAIN business in the rural regions this year was far ahead of that for 1933. In fact the Southwest and Midwest areas brought the volume and profits of our distributors up to normal—and by normal I mean the 1925-26 level. This, of course, was largely because of the money Washington poured into farmers' hands. Throughout the South paint consumption increased, too, but that was largely in the cities and towns, which after all, get a good deal of their income indirectly from crops. The Northern and Northeastern sections have been a little "cold" toward paint. Farmers there did not get the same benefits from the government.

Our volume in farming areas in 1934 was at least one-third larger than that of 1933. It should be even greater in 1935, especially in the Southwest and the Midwest if Wash-

FREE PLAN BOOK

Shows You How to Build This
STEEL GARAGE



Federal Housing Administration Plan Can Help You Finance It Through Your Banker

HERE is a durable, neat, fireproof, two-car steel garage which can be easily constructed for a relatively small outlay. Our free plan book gives complete plans, specifications, and bill of materials. If you do not have funds on hand to build it, see your banker now about Federal Housing Administration financing plan—sponsored by U. S. Government to help property owners finance repairs and improvements at low cost. Under this plan you may also finance other steel farm structures, including barns, silos, corn cribs, shelters, sheds, etc. Also new fencing and fence repairs.

For almost any type farm building the best material that you can use is—

TENNESSEE STEEL SHEETS

because of their long life, strength, resistance to weather, fireproof and lightning protective qualities, combined with their unusually reasonable cost.

For new fencing or fence repairs, the outstanding choice of Southern farmers is—

American Zinc Insulated Fence

GUARANTEED to give you equal or longer service than any other fence made of equal size wires and used under the same conditions.

OTHER PLAN BOOKS AVAILABLE

In addition to Garage Plan Book, we also have available free plan books, showing how to build modern DAIRY BARN and POULTRY HOUSE and booklet explaining FRA financing plan for farm improvements. Check which one you want on this coupon. Then clip and mail to us.

TENNESSEE COAL, IRON & RAILROAD CO.

SUBSIDIARY OF UNITED STATES STEEL CORPORATION

General Offices: Brown-Marx Building, Birmingham, Ala.
District Offices in Principal Cities

Reader Interest? You Bet!: Tennessee Coal, Iron & Railroad Company, Birmingham, offered free plan books for farm buildings in this advertisement. It appeared in Southern farm journals during the Fall. More than 17,000 requests for the booklets have been received to date. Obviously, farmers are thinking about fixing up their places for the first time in several years. Because the book featured "Tennessee steel sheets," the company expects to profit from the repairing and new construction.

ington continues its agricultural program. We are counting on that, so our advertising budget goes up about 25% for the coming year. We expect to lean heavily on newspapers, spotting our pressure where the market is the liveliest. Our selling personnel will also be enlarged a little.

No matter how the Government's farm relief policy may work out in the long run, it certainly has improved paint business thus far. A recent six-weeks' trip through the South and West showed me that dealers are busy.

SALES MANAGEMENT

Progressive Farmer Influences Sales!

5,695 BOX TOPS

Sent in by Progressive Farmer Subscribers
in Response to 20-Mule Team Borax Half Page Ad



Unusual Sales Returns Reflect Unusual Reader Influence

PROGRESSIVE FARMER

Birmingham • Raleigh • Memphis • Dallas

250 Park Ave., New York

Edward S. Townsend Co.,
San Francisco

Daily News Bldg., Chicago

The South's Leading Farm-and-Home Magazine

900,000 Net Paid Circulation—50,000 Above Rate-Basis Guarantee

JANUARY 1, 1935

[31]

Farm Equipment Makers See Heavy Sales Increases for 1935

PERHAPS the Number 1 barometer of conditions in the farm market is farm equipment sales. Manufacturers in these industries ended 1934 with the best sales record since 1931, and even the most conservative managements among them predict startling increases over '34 for '35—many of these estimates run around 50%; in several cases they run much higher.

International Harvester Company received orders recently from dealers in a single territory, Indianapolis, sufficient to make up a shipment consisting of a solid train load of equipment. The 45-car train consisted of 43 cars of tractors, two cars of 160 cream separators and 32 stationary engines.

This single shipment seems to be evidence enough to prove that farm buying power is on the upturn. An official of International Harvester said to SM:

"It is strictly against the policy of this company to permit its executives to give out interviews predicting future business conditions. However, I can say that our factories are generally quite busy now.

"A tremendous amount of farm equipment is on its last legs. This company has always been liberal in taking farm paper and, if payments are slow, it has not been our policy to repossess. The farmer, keeping equipment, usually can work himself out."

It is common knowledge that the Milwaukee plant of International Harvester has been working on emergency orders for weeks. The company has developed a smaller farm tractor at lower prices and a smaller truck. The small tractor, known as the Baby Farm-all, is in greater demand. Tractor sales are the best in several years.

Approximately one-fourth of International Harvester's truck business is now coming from the rural districts. A moderate enlargement of its Springfield, Ohio, truck factory has been in progress for some time.

This company, old and conservative, started its year with \$61,000,000 in cash or its equivalent and reports that collections have been good. It has also been building up its inventory.

Dun & Bradstreet, after a special survey of the farm equipment trade made late in the past year, reported:

"As compared with the preliminary figures of \$120,000,000 for the wholesale value of farm equipment sales in 1933, the estimated total of \$185,000,000 for 1934 represents an increase of 55%. The best-

selling items have been tractors, trucks, small tillage tools, corn binders, hammer mills, and corn and hay-harvesting equipment. Pumps, water tanks, wagon tanks, and machinery needed for drilling wells sold in the largest number in the past decade. As nearly half of the best sales territory was affected by drought, purchases of combines, harvesters, and threshers were below expectations."

These figures agree with estimates made by the Farm Equipment Institute of Chicago. Specific facts about farm equipment sales in various sections will be commented upon later under corresponding section headings.

The new baby tractor (one-plow, selling for around \$575) already in the field, sponsored by International Harvester, Allis-Chalmers, and Deere & Company, with J. I. Case understood to be coming into production soon, is expected to double the number of potential tractor buyers, and this class of products (and more than likely a baby combine), will get much spotlighting by dealers this year. It will undoubtedly be the farm equipment trade's "line leader" for 1935. It is estimated that there are nearly 3,000,000 farms of from 20 to 100 acres in size which are logical prospects for these machines.

A dispatch from the offices of W.

C. MacFarlane, president of the Minneapolis-Moline Power Implement Company, fifth in size among farm implement manufacturers, says this concern will spend \$750,000 up to February 15 to produce the greatest output of any quarter in the last four years. Mr. MacFarlane expects a 50% increase in domestic business in 1935. During 1934 the company did 79% more business than in the corresponding period of 1933 and most of it was on a cash basis. More than 500 employees have been added to the company's payroll and the hours of labor have been more than doubled.

George L. Gillette, general sales manager of the Moline plant at Hopkins, Minnesota, tells SALES MANAGEMENT that he is planning a 50 to 75% increase in farm advertising for 1935, and further intensified personal sales work. He points out that the districts showing the best increases in 1934 were the Kentucky-Tennessee-Alabama-Mississippi region, the Red River Valley between Minnesota and North Dakota, Northern parts of Iowa and Missouri, the rice districts (Arkansas and Louisiana), Oklahoma except the Panhandle, and the Pacific Coast.

W. A. Roberts, general sales manager of the Tractor Division of Allis-Chalmers, tells us he feels that "all sections of the country will show much improvement in 1935." This concern's advertising appropriation has been doubled for the year.

Equipment Sales Already Showing Improved Position of Farmer

"FOR four years now the average sale of farm equipment in the United States has been about \$250,000,000 a year short of the average from 1925 to 1929.

"This would indicate that at least \$1,000,000,000 more equipment would have been sold in that time except for the depression.

"Practically every farm in the United States needs equipment. Tremendous demand for it has been built up."

Harry G. Davis, director of the research and statistical department of Farm Equipment Institute, Chicago, spoke these words to a representative of SALES MANAGEMENT. He added:

"Manufacturers of farm equipment predict an increase in demand for farm equipment of 40% or more in 1935. Some, the more optimistic, have predicted as much as 100%.

"Farmers have been denying them-

selves many things—new automobiles, new stoves, new clothes, new radios, and hundreds of other items they much desire—so, in my opinion, their purchases resulting from their new prosperity will be spread through many industries with resulting benefits to all of them.

"Rains have been general through the Central West for the last couple of months. Ponds are standing full of water in the drought belt. This water is seeping into the ground. Copious Fall rains mean better crops next year. The farmer knows that and is happy.

"Continued prosperity on the farms depends on two big *ifs*. The farm states will be buying in a big way next year *if* farm prices remain at their present levels and *if* the crops are good. The price level is now 100% of the 1911 to 1914 average. The farmer will buy at these prices."

Mr. Davis then revealed some sta-

SALES MANAGEMENT

istics on recent prices of farm products. They are:

Product	Oct. 15, 1933	Oct. 15, 1934
	(Price at the farm)	
Corn, bu.	38.8¢	76.7¢
Wheat, bu.	63.6¢	88.5¢
Oats, bu.	27.9¢	50.5¢
Cotton, lb.	09.0¢	12.5¢
Hay, ton	\$7.54	\$13.40

He also showed a tabulation which reveals a startling revival already under way in the farm equipment industry. This indicates the fall and rise of employment among 184 companies as follows:

Month	No. of Shop Employees	Total Payroll of June, per Week	Per cent of June, 1929, Payroll
June, '29..	70,575	\$2,057,731	100.00
Feb., '33..	21,658	392,258	19.06
June, '33..	22,653	411,098	19.98
Aug., '33..	25,374	463,808	22.54
Feb., '34..	38,394	789,792	38.38
June, '34..	39,743	846,381	41.13

The average rate of pay, per hour, for the entire industry, he pointed out, was 58.29 cents in June, 1929; 49.35 cents in February, 1933 and 56.28 cents in June, 1934. Total average hours per week, for the entire industry, were 794,849 in February, 1933, as compared with 1,503,875 in June, 1934.

"The central western farm belt," Mr. Davis continued, "has had the most satisfactory general rainfall in four years. This includes Iowa, Minnesota and the Dakotas, where the drought was very severe and where crop shortage was general last summer.

"It is the moisture that gets into

the ground during the Fall and Winter that insures the following season's crops. The roots suck this water up from beneath. If the subsoil is dry, summer rains can hardly bring a good yield.

"Other conditions, too, help the farm buying picture. Owing to government refinancing, the farmer, as a rule, has no pressing burden on his shoulders for the first time in several years. Back in 1932 agriculture owed \$3,500,000,000 in floating indebtedness, by which I mean merchandise accounts, chattel mortgages, etc. Besides this, agriculture carried a burden of \$9,500,000,000 of land mortgages. The Farm Credit Association poured \$1,217,000,000 into its refinancing plan. A year and a half ago hundreds of thousands of farmers faced bankruptcy. They have used \$36,000,000 of the money they got to pay back taxes alone.

"With the help of the Federal government they've pretty well cleared up the situation. The drought has reduced the carryover and has been very effective in raising farm prices. Analysis of all the facts available at this time indicates that 1935 will see the farmer buying in a big way.

"The farmer has been denying himself for several years. Many needs are staring him in the face. At present prices he can buy and will buy. If prices hold, and I don't see why they shouldn't, and we have good crops, and indications for them are the best in years, the farm market is back."

National Carbon Sales Head Appraises Farm Opportunities for '35

By JOHN M. SPANGLER,
General Sales Manager,

National Carbon Company, Inc.

NO present market has better possibilities, in my opinion, than the farming sections offer manufacturers for the coming 12 months. Discounting all the damaging factors in the present picture, some of which have been over-emphasized and of which the drought looms the largest, and making allowance for possible future setbacks from crop conditions, and some rise in the cost of farm commodities, we



John M. Spangler

have a market for many lines which is potentially one of the greatest.

While we have not yet completed our advertising and sales promotion plans for 1935, I can say our activities along those lines will be at least as great as they were this year. We delved deeply into the farm market during 1934—our radio battery business, for example, showed a substantial increase for the first time since 1926—and we are fully alive to the market possibilities before us now.

Manufacturing was slow to see the opportunities the present year has offered. Farm income from crops and livestock, benefit payments from the AAA and sales of cattle to the Government, has increased nearly a billion dollars over that of 1933.

Manufacturers are now alive to this opportunity, although many of them are discovering that the sales problems involved require real study. The present farm market is chiefly one of initial replacement. Also, basic commodities on the farm are not those of the city. Radios and automobiles, which class as luxuries in large communities, are necessities on the farm.

Summed up, the farm opportunity for the manufacturer in 1935 is that provided by an expanding market. It is one to be developed intelligently. Lines, prices and credit must be right. Given these limitations, sales plans that will produce can be put into action without delay in what is undoubtedly the greatest potential farm market in decades.



Photo courtesy Meredith Pub. Co.

John Farmer Sees the Sights: Farm families from 20 states came to the 1934 Dairy Cattle Congress and Belgian Horse Show, at Waterloo, Iowa. Crowds on several days were the largest in 25 years; total attendance largest since 1929. Admission to the grounds was 50 cents, autos 25 cents additional. A check showed 13% of the cars present were purchased this year, 20% last year. Model T Fords, and other old models were conspicuous by their absence.



Husking Bee: These cars are parked at the National Corn Husking Contest at Fairmont, Minnesota. Yanking the husks from golden ears was not the only activity on the grounds, however. Makers of farm equipment and numerous other kinds of goods, from radios to autos, had exhibits on the grounds and salesmen to take orders. The latter, while not quite as frenziedly busy as the champion corn-shuckers, sold many items to the cheerful and once more prosperous farmers and their families. Among the exhibitors were Allis-Chalmers, National Carbon, Deere & Webber, Atwater-Kent, J. I. Case, Chevrolet, Fairbanks, Morse. *The Farmer*, Webb Publishing Company, St. Paul, staged the contest.

FHA Program Already Creating Building Materials Market on Farms

Markets for roofs, windmills, silos, lumber, paint, and all of the other materials and equipment which are a necessary part of any farm modernization program are already being created by the Federal Housing Administration program.

The following release of the last fortnight from the FHA offices graphically sketches developments of the modernization program as applied to farmers:

Washington, D. C.

The extent of farm homes and outbuilding repair and improvement contained in a summary of visits to farms made by field representatives of the Federal Housing Administration indicates that farmers are utilizing the Modernization Credit Plan of the National Housing Act. Borrowing from their local lending institutions sums averaging about \$500 a family, farmers are using the money to repair, rebuild and otherwise improve their homes, barns, outbuildings and equipment. Reports from cooperating banks, material dealers, utility companies and first-hand observation on farms in various parts of the East, Middle West and near Far West show farmers are again building, repairing and remodeling their places, with prospect of greater activity during the coming Spring and Summer.

The list of work done during the Fall and Winter to date includes not only seasonal requirements such as painting, roofing and installation of heating plants, but also remodeling and enlarging homes, installation of water, bath and electric light and

power facilities, deepening or drilling new wells, erecting windmills, building silos and remodeling barns to handle livestock more efficiently.

The generally improved financial condition of the farmer in most sections, despite current obligations, is responsible for his renewed interest in the state of his home, buildings and equipment. With prospects brighter than they have been in years, business houses and manufacturers who deal largely with farmers expect greatly increased building during the coming year. They base their optimism on surveys they are making of the rural field anticipating Spring business. Banks and credit production associations are receiving an increasing number of applications for loans for farm properties improvement.

Pearl French of Mora, Minnesota, who carved a home out of 80 acres of brush and cut-over land, has a state loan on the farm as well as a mortgage on his personal property. An increasing family made a larger home necessary, but owing to the mortgages he could not borrow to build. However, as soon as the Federal Housing Administration plan became known to him through publicity in his farm magazine, he obtained a loan of \$600 with which he converted his two-room home into a six-room modern farm residence. Mr. French's loan was the first in the state made to a farmer, under the Modernization Credit Plan.

Andrew Olson, dairy farmer of Brook Park, Minnesota, was in the hospital when the drought hit his community. Hand-pumping water for his

herd from a shallow well proved too much for his wife. A local implement dealer, learning of the situation, procured a loan for the farmer under the terms of the National Housing Act and used the money to provide a windmill for him.

Theodore F. Coleman, city mailman of Springfield, Illinois, has a 20 acre farm which he rents on shares. The farm home, located in a ravine, was badly in need of repairs. Local contractors submitted plans for remodeling the house into a modern four-room building, with connections for a modern heating plant and bathroom facilities as soon as the present loan of \$1,200 is paid off. Coleman had the necessary money in the bank, but he obtained a loan on the easy terms and low cost which are possible through the operation of the Modernization Credit Plan of the National Housing Act. He gave as his reason, "because if I used my own funds I might not put back the money in the bank, but this way I have a definite payment to make each month and will meet it." Incidentally the home was moved up to high ground, closer to the highway. This, he said, would add at least \$25 an acre to the value of the place.

Paul Bailo, truck and general farmer living outside of West Springfield, Massachusetts, had a poor crop year, but milk and hog money put him in better financial condition than a year ago. With a steady monthly income from dairy products, Bailo felt he was able to give his house some needed attention. He borrowed \$500 under the Modernization Credit Plan, using the money to build a new service porch, repair the other porch in front of his home, paint the house, plaster the living room ceiling and decorate two rooms.

George Strickland, livestock farmer of Dysart, Iowa, has a mortgage on his place, payments on which made it impossible to meet the requirements of the finance company which was to help him install an electric light and power plant. The finance company wanted the note paid off in 12 months. Mr. Strickland felt he could not meet the terms, so he applied to the bank. The National Housing Act made it possible for Mr. Strickland to borrow the amount he needed from the local bank on a two-year note, the payments arranged in periods when his farm income reaches its peak.

B. F. Lyons of Clearwater, Minnesota, borrowed \$150 under the terms of the National Housing Act to deepen his well. Last year the shallow well, 9 feet deep, went dry. Dairying is his major line and he had to haul water. Now the well is 62 feet deep and he has plenty of water.



universe. There are more than 1,500,000 families of Sweeneys in New York City—with average annual expenditures ranging from \$6,000 down. They are the major market in New York for everything from motor cars to mixed confetti. Con-

centrated in the geographically infinitesimal area of the five boroughs, their market worth is equalled only by the population of any several states. They suffered less in the depression than most Americans; have more capital, more income and more con-

fidence for the present and future. Any marketing plan which does not include this audience misses the cream of the country's business.

It is not hard to approach the Sweeneys with advertising—because they have selected their own medium. Two-thirds of all the families in New York City read one newspaper—The News. Alone, this newspaper furnishes all the effort most advertisers need. As the universal New York newspaper, The News has, of course, the largest coverage among the 273,000 families with income ratings above \$6,000—as well as majority coverage in all the lower income brackets except the lowest!

Majority coverage in one medium makes advertising in New York cheaper! A premium of four hundred thousand circulation additional since the last rate card was issued gives The News the lowest milline and greatest value of any American newspaper.

This market and this medium represent the outstanding sales opportunity in this country in 1935!

THE NEWS

NEW YORK'S  PICTURE NEWSPAPER

220 EAST FORTY-SECOND STREET, NEW YORK
Tribune Tower, Chicago • Kohl Building, San Francisco

JANUARY 1, 1935



Significant Market Trends in the Major Farming Sections

Naturally, space limitations make it impossible for the editors of SALES MANAGEMENT to attempt any complete review of current business conditions in the various farm markets. However, the following highlights are presented from the latest statistics available from authoritative sources, as trends significant of the enormously improved status of the farmer. We have deliberately turned our attention to the good news in the belief that the bad news last Summer was so consistently overplayed that many sales executives still are actually unaware of the extent to which recovery has taken place. When we presented our special editorial section on the drought ("Higher Prices More than Offset Farm States Drought Damages") in the September 1 issue, we were really only on the threshold of farm recovery. What happened in September, October and November certainly constitutes the most significant farm news since the peak of the last and late-lamented boom.

For further comment on reasons why farm markets are expected to show more gains in the months immediately ahead, see "The Sales Outlook for the First Quarter," by Jules Backman and A. L. Jackson, on page 22 of this issue.

Pennsylvania, with Crops above Average, Is Market Bright Spot

Firms reporting to SALES MANAGEMENT in the survey summarized in this issue look for better business from the Middle Atlantic states during the next six months as compared with the latter half of 1934. Among the firms that picked it as likely to be among the three best for 1935 are: Westinghouse Electric Mfg. Co.; Cleveland Tractor Co.; Equitable Life Insurance Co., of Iowa; Larkin Co., Inc.; Ohio Cultivator Co.; Tioga-Empire Feed Mills, Inc.; A. Nash Co.; Acme White Lead & Color Works; Simplex Brooder Stove Co.; New Idea Spreader Co., and Jas. H. Forbes Tea & Coffee Co.

Tioga-Empire Feed Mills, Inc., operating in New England and Middle Atlantic sections only, think things have improved enough to warrant an increase of approximately 50% in their advertising appropriation for 1935. Says F. S. Deyo, sales manager: "Inasmuch as practically all of our business is in farm territory, naturally our work is intensified there, and we are already extending our sales force getting ready for what we believe will be an exceptionally good Spring."

Although crop yields the country over were much below average, those in Pennsylvania were 3.6% above the ten-year average (1921-'30).

High Priced Tobacco Releases Buying Power in South Atlantic

A singularly fortuitous combination of circumstances for tobacco raisers make this section one of the brightest of current bright spots for business. While tobacco acreage was cut down, yield per acre was higher, and the vintage of the crop was excellent. Topping this off, demand for tobacco, especially from the cigarette industry, was strong enough to peg prices at a figure approximately double that of 1933. The Carolinas and Virginia were the principal beneficiaries, and practically all sales indices coming out of those areas are good to excellent.

Three production credit associations in the Carolinas announced, before the middle of November, that all loans made by them to farmers had been paid out in full. Ernest Graham, president of the Production Credit Corporation of Columbia, stated that he expected practically 100% collections in the Third District (Carolinas, Georgia and Florida) on \$8,000,000 worth of farmer obligations.

Another instance: Ed. Flannagan, Ford dealer of Greenville, was informed by the Ford Motor Company that he broke a world's record in car sales for September and October; 225 buyers signed up with Mr. Flannagan during September and 200 more during October. Ninety-five per cent of these sales were made to farmers. During the same two months Brown-Green Chevrolet Company, also of Greenville, sold 460 Chevrolets.

Holland's Magazine sells a house plan book—a volume which contains a selection of layouts of different styles of southern homes. Orders for these books over a period of years have proved to be a sensitive and accurate business index. For the first time in any year, sales for the third quarter ('34) equalled those of the first quarter (normally the peak sales period of any year), and four months' sales immediately preceding November exceeded volume for any similar period since 1929. FHA activities got under way in the Southeast earlier than in other parts of the country, with the result that building activity reports of early December show sharp increases for Florida, Georgia, Alabama, Tennessee and Louisiana. Increased purchasing power and milder temperatures should bring business to building materials manufacturers from this section during the weeks immediately ahead.

Dun & Bradstreet's mid-November review, in commenting on retail sales trends, points out that while volume for the country as a whole is running 15 to 20% over 1933, largest gains of all were "reported from the South, particularly in those sections where dark tobacco brought 100 to 300% higher prices than the previous year's, the increase there running 25 to 35%."

Fertilizer tax tag sales, as reported to the National Fertilizer Association, for twelve southern states for November, were 36% larger than for November, '33. Largest increases were reported by North Carolina, Tennessee and Texas. Only states reporting sales of more than 5,000 tons during

November were the Carolinas and Florida.

Dun's sectional report on farm equipment trade says many car-lot shipments have been booked for January, February and March delivery in the Richmond area, and an active demand is expected to continue into the Spring, particularly from eastern Virginia, the Carolinas and Georgia. Sales for '34 ran about 50% over '33.

Per cent of quota realization of electric refrigerator manufacturers in these states for the first ten months of 1934 strikingly reflect the states' improved purchasing power. Here they are: Delaware, 152.8%; Maryland, 194.1%; Virginia, 204.9%; West Virginia, 236.8%; North Carolina, 197.4%; South Carolina, 235.9%; Georgia, 378.0%; Florida, 165.2%.

Since July Brookmire has revised estimates of each farm income, exclusive of benefit payments, as follows: Georgia, from \$119,000,000 to \$121,000,000; North Carolina, from \$182,000,000 to \$210,000,000; South Carolina, from \$74,000,000 to \$80,000,000; Virginia, from \$98,000,000 to \$104,000,000; Maryland, from \$53,000,000 to \$54,000,000.

Among the concerns picking this area as one of the three best for 1935: Pacific Coast Borax Co.; Wolverine Shoe & Tanning Corp.; H. D. Hudson Mfg. Co.; H. D. Lee Mercantile Co.; Morton Salt Co.; Equitable Life Assurance Co., of Iowa; A. Nash Co.; Florence Stove Co.; Upson Co.; Estate Stove Co.; F. S. Royster Guano Co., and Ohio Cultivator Co.

Lake States Lead the '34 Sales Parade; to Be Among Best in '35

The "lake" states, oftentimes poetically referred to as "the garden spot" of the nation, polled more votes from our "sales executives' jury" both on the basis of performance for July-December '34, and expectations for January-July '35, than any other district, and that alone should make intensive cultivation of this area a "must" in almost any farm market program for 1935. Immense wealth centers in these states and, as a group, they account for nearly one-sixth of the entire cash farm income of the nation.

When final government figures are made up on farm cash income by states, judging by the best preliminary estimates available, both Illinois and Indiana will show an increase of more than 20% over 1933. Certainly not more than ten states will have such a record, most likely not more than eight. (Others: Kansas, Maryland, Alabama, Arkansas, Louisiana, Mississippi, Virginia.)

The East North Central states contributed heavily to the increases '34 farm equipment sales figures ran up. A special study made by Dun & Bradstreet in November reports such sales up (at wholesale) in the Indianapolis area, about 60%, with a strong demand for heavy equipment, such as tractors, and tractor-driven and drawn machinery, threshing machines, combines and binding machinery. The spurt in sales was accompanied by a sharp improvement in collections. Farm equipment sales were up 40% in the Detroit area; good profits from onion crops in southern Michigan brought a demand for larger type of implements as well as ditching and cultivating equipment.

The same series of reports stated tersely, of the Canton area, "Prospects for future sales are considered the best in years." Increase there amounted to 40%.

Rural retail sales in the Fourth Federal Reserve District (Ohio, Pennsylvania, Kentucky and West Virginia) registered a larger-than-average increase in September, less-than-average in October. However, for the year to date, sales in the smaller cities were 26% larger than in the corresponding period of '33. Value of residential building, for the same area, while still off in value of awards as compared with '24-'28 figures, in October beat all records for '34 and was the largest for any corresponding month since 1931.

Also in the Seventh Federal Reserve District (Wisconsin, Michigan, Illinois, Indiana, Iowa) we find rural retail sales running up much bigger increases than city sales. In October all department store sales showed a non-seasonal 3% recession, but smaller stores recorded an increase over September of 7%.

Among the concerns that pick this section as one of the best for 1935: Westinghouse Electric & Mfg. Co.; National Refining Co.; Ralston Purina Co.; Globe American Corp.; Massey Harris Co., Inc.; Jas. H. Forbes Tea & Coffee Co.; Voss Bros. Manufacturing Co.; Dr. Ward's Medical Co.; Central Life Assurance Society; Acme White Lead & Color Works; New Idea Spreader Co.; Simplex Brooder Stove Co.; Ohio Cultivator Co.; Upson Co.; Remington Arms Co.; Willard Storage Battery Co.; F. S. Royster Guano Co.; Swift & Co.; L. Tatro Products Corp.; Hood Rubber Products Co.; Federal Chemical Co. and Estate Stove Co.

East South Central to Be One of Three Best for 1935 Sales

Many bellwethers in the farm field pick this district as one of the best for 1935. Among them: Simplex Brooder Stove Co.; Ohio Cultivator Co.; Niagara Sprayer & Chemical Co.; Upson Co.; Remington Arms Co.; Willard Storage Battery Co.; F. S. Royster Guano Co.; Swift & Co.; H. D. Hudson Mfg. Co.; Wolverine Shoe & Tanning Corp.; L. Tatro Products Corp.; Pacific Coast Borax Co.; Hood Rubber Products Co.; Federal Chemical Co.; Estate Stove Co.

Vigorous improvement in the sale of tractors and trucks has put farm equipment sales in this district about 100% ahead of 1933. Dealers are finding collections extraordinarily good and are looking forward to an active market for the months immediately ahead. The Federal Land Bank of New Orleans (serving Alabama, Mississippi and Louisiana) early in November reported the sale there of three million dollars' worth of land in 1934; in September 86 farms were sold with a value of \$209,000 against 31 valued at \$52,000 during September, 1933.

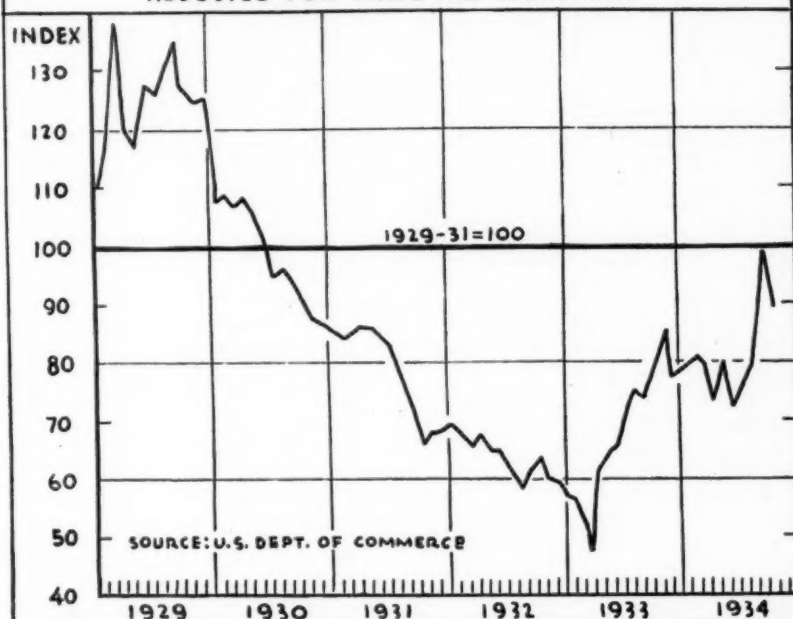
Kentucky, much contrary to the national trend, enjoyed crops 4.1% above the average. (This was also true of West Virginia and Pennsylvania, which were up 6.6% and 3.6%, respectively.)

Since July Brookmire estimates of cash farm income, exclusive of farm allotment money, for Kentucky, have jumped from \$100,000,000 to \$118,000,000; Tennessee from \$103,000,000 to \$109,000,000.

This group of states produced, during the first ten months of '34, an exceptionally high quota realization for electric refrigerator manufacturers. The figures: Kentucky, 181.1%; Alabama, 250.0%; Tennessee, 291.1%; Mississippi, 153.7%.

JANUARY 1, 1935

INDEX OF RURAL RETAIL SALES - IN DOLLARS ADJUSTED FOR SEASONAL VARIATION



This new index of sales of general merchandise in rural areas and small towns provides a definite measure of the extent of improvement in rural trade.

It is based on sales by mail of Montgomery Ward and Company, Sears, Roebuck and Company (exclusive of sales through retail stores), Chicago Mail Order House, and sales through the retail stores of J. C. Penney Company.

The table which follows shows the annual indexes and the indexes for September and October for each year beginning with 1929 (1929-1931 equals 100), without adjustment for seasonal factors:

	Annual Index	September Index	October Index
1929	124.9	133.0	154.5
1930	97.8	92.3	110.3
1931	77.4	69.3	80.3
1932	63.1	61.2	77.1
1933	69.2	73.2	97.5
1934	—	97.9	108.7

In commenting on the index, "The Agricultural Outlook," a compilation of

material from a large group of Middle Western farm papers, says:

"The annual index of sales in 1932 was but little more than half that in 1929. Combining the indexes for September and October, they averaged larger in 1934 than in the corresponding pair of months in any year since 1929. They were about 22% larger than last year and 50% larger than in 1932.

"This index is based on the dollar volume only. When the decline in retail prices compared with five years ago is allowed for, it is probable that the number of units of general merchandise purchased in rural areas in September and October this year was but little smaller than in 1929.

"This index covers only a part of the total retail trade. Small independent rural stores do a different type of business from these large companies and the trend of their sales may be somewhat different. Sales of food, household and automotive fuel, farm implements, automobiles, feed, seed, etc., are omitted or not adequately represented in the index."

Figures are from the Edison Electric Institute.

Dr. W. E. Weiss, chairman of the board and general manager of Sterling Products, Inc., in a statement issued December 23, says: "In analyzing reports from our representatives in the field, we find that the Southeastern and Gulf Coast section shows the largest business gains this year traceable to increased prices for cotton, farm products and citrus. The tourist trade in Florida is reported to be better than at any time since the days of the boom. Further gains are anticipated in this section, which includes Georgia, Florida, Alabama, Louisiana and Mississippi."

Rising Country Check Clearings Show North Central Area Comeback

This section of the country is in the midst of an amazing rebound from the despairs of the past Summer. Several factors combine to explain the cheerful market index figures now current, from the west north central group of states: (1) The large volume of AAA payments received by farmers there; (2) The cash poured in in drought relief money; (3) The new credit with dealers which became available

in the sections where Fall rains put the soil into condition for next year's crops, and (4) The good prices received by farmers who did have crops to sell, and the strength of prices on dairy products recently. The Federal Reserve Bank of Minneapolis reports a striking series of "plus signs":

Country check clearings for November were up 35% over 1933, bank debits up 14%. (For October, country checks were 26% ahead of '33, bank debits, 7%.) The country clearings index was the highest since December, 1929! While 20 city department stores reported an increase of 19% in dollar volume, 238 country general stores reported an increase of 27% over November of last year. Largest increases originated in the area extending from central Minnesota into eastern South and North Dakota. Stores in North Dakota, outside of the Red River Valley, reported a 52% increase in sales over November of last year. Stores in the Red River Valley sections of North Dakota and Minnesota reported an increase of 41%, and stores in eastern South Dakota and Central Minnesota, increases of 38% and 35% respectively.

Equitable Life Insurance Company of Iowa tells SM that sales in this district during the last six months of 1934 jumped 20.8% over '33. Central Life Assurance Society, Des Moines, reports best increases for the same period to have originated in Minnesota and Northern Iowa, together with the Pacific Coast, and the East North Central Division with the exception of Indiana.

Kansas is one of seven states showing, for the first 11 months of 1934, total life insurance sales gains of 20% or more over 1933.

Of AAA payments to agriculture (to February 1, 1935), four states in this section received the highest allotments per farm: Iowa, \$356; Kansas, \$399; Nebraska, \$322, and North Dakota, \$424. Total for the four states: \$217,404,000. Total for all seven states: \$294,384,000.

Returning prosperity is also clearly reflected in enrollment in four-year courses in agriculture in Middle West colleges. Six schools (Illinois, Purdue, Iowa, Minnesota, North and South Dakota universities) together registered a 26% increase in the Fall of 1934 over the Fall of '33.

When media men of the Meredith Publishing Company interviewed exhibitors at the October Dairy Cattle Congress at Waterloo, Iowa, they found 1933's sluggish buying and half-hearted interest among buyers replaced with active trading on the floors of exhibits and heard, on all sides, evidence of loosening purse strings. The exhibit manager for one large implement concern said he expected sales resulting from the show to exceed \$35,000. A salesman for the New Idea Spreader Company sold 18 husker-shredders at \$710 each. Wm. R. Galloway and Sons Company sold 40 wagons and wagon boxes, and nearly 30 cream separators.

Among the firms choosing this section as offering among the best sales possibilities for 1935: Westinghouse Electric & Manufacturing Co.; National Refining Co.; Ralston Purina Co.; Globe American Corp.; Massey Harris Co., Inc.; Voss Bros. Co.; Dr. Ward's Medical Co.; Central Life Assurance Society; New Idea Spreader Co.; Remington Arms Co.; Swift & Co.; L. Tatro Products Corp.; Hood Rubber Products Co.; Jas. H. Forbes Tea & Coffee Co.; Armand Co.; Cleveland Tractor Co.; Endicott-Johnson Corp.; Wolverine Shoe & Tanning Corp.; H. D. Hudson Manufacturing Co.; Morton Salt Co.

Late Rains Are Boon to Much of Southern Central Territory

The West South Central states were reported by the following firms to have been among the sections showing the greatest improvement during the last six months: Massey Harris Co.; Voss Brothers Mfg. Co.; Remington Arms Co.; Endicott-Johnson Corp.; Morton Salt Co.; Willard Storage Battery Co.; Federal Chemical Co.; H. D. Lee Mercantile Co.; Florence Stove Co.

An interesting comment about parts of this area comes from W. L. White, Kansas City branch, Oliver Farm Equipment Sales Company. Mr. White tells SALES MANAGEMENT: "We handle only western Missouri, all of Kansas, all of Colorado, all of New Mexico, the Panhandle of Texas and the north half of Oklahoma. . . they have all been considerably hurt by the failure of the corn crop for 1934. However, Missouri, the east half of Kansas, and the northern part of Oklahoma had a wonderful wheat crop at a very fair price, which, you might say, 'set them right up in town.' As it stands now this wheat crop and the extremely good price for the hay crop, together with the lavish moisture we've had in the last several weeks, makes the following parts of our territory real sales ground: West Missouri, east half of Kansas, north half of Oklahoma, north-east section of the Texas Panhandle. All are in excellent condition and we expect a wonderful business from that territory early in 1935."

Oklahoma Farmer-Stockman estimates 1934 cash income for that state at \$203,061,000 (including benefit payments), against \$159,891,000 for 1933. "Oklahoma farmers have never been in better shape as far as a Fall feed crop is concerned, and Fall and Winter pasture," one market authority tells SM. "Rains in August provided ample moisture for the maturing of the grain sorghum crop, which is Oklahoma's leading feed crop, and enabled the wheat farmers to plant in time to secure ample Fall and Winter pasture for cattle, hogs, sheep and work stock."

Effects of the drought still linger in western Texas and adjacent territory; the feed situation is serious there, and cattle generally are in poor condition. However, other portions of the state give every evidence of rapidly growing prosperity. September department store sales rose 41% over August, October 1% higher than September. Sales for the first eleven months were up 22.7% over the same period of '33.

Lines showing biggest increases were hardware, drugs, and farm implements, the latter's volume for October reaching the striking total of 101.3% above the corresponding month of the year before.

By virtue of the heavy AAA payment allotment for 1934, Texas exceeds all other states in 1934 cash farm income, usurping the position occupied by California for many years before.

Other significant trends:

Collections radically improved in almost all lines.

Building activity in October 52% above September, 133% above '33.

Attendance at the State Fair of Texas in October broke a five-year record; total paid admissions, 906,148.

Dallas banks in October broke all records in resources, deposits and clearings.

Department of Labor's report on gains in residential building, September '34 over

'33 shows gain of 28.1% for the Ark-La-Okla-Tex region against a decrease for the nation as a whole of 29.8%.

Percentage of quota realization for the first ten months of '34, by household electric refrigerator manufacturers: Arkansas, 209.2%; Louisiana, 123.8% Oklahoma, 178.2%; Texas, 206.5%.

Oranges are True "Crop of Gold" for California; Retail Sales Are Strong

In California, as in several other major sections, the most striking news is the relatively higher purchasing power of the rural sections as compared with urban sections, as revealed in market figure breakdowns which segregate the two classes of business.

The general level of prices received by farmers in California for 24 products (as compiled by the Bank of America) during the month of November was 88% of the July, 1910-June, 1915, average—an increase of 31% over November, 1933. November was the seventh consecutive month in which the level of California farm prices has shown an increase over the corresponding months of '33 and '32. The citrus crops alone brought California and Arizona \$23,000,000 more in '34 than in '33.

This explains in large measure why sales have been strong in most lines in this territory during the past three months, and why the outlook for 1935 is so promising.

Bear in mind, in considering government farm income figures on this section, that Washington bases income estimates on only about 78 major crops; California has 180 crops which are raised and shipped out for cash in carload lots. California is essentially a commercial producing state in the sense that less than 3% of the total farm products grown are utilized as food on the farms (15% or more is utilized in most other farming sections). Therefore, around 97% of the total production is turned into gross cash spendable income. This state also has the highest cash income per farm; *Pacific Rural Press* estimates this at \$3,700 for 1934-'35—a figure of particular significance to companies selling high-priced necessities and luxury products.

California has the largest cash farm income among all the 48 states; if AAA payments are taken into consideration, however, it is exceeded by Texas.

Farm equipment sales for California, according to latest authoritative estimates, are around 100% over '33. Forty-two rural counties in the state bought 54% more passenger cars during the first 10 months of '34, while 70% of the trucks sold in the northern counties during the same period were to farm and rural sections.

Retail sales for the far west (Federal Reserve District) were 18.9% above '33 for November. This followed an October increase of 19.9%—a figure which, with the exception of March, 1934, was the greatest percentage gain over the same month of the previous year since July, 1923. Ten stores in the agricultural area of California (Bakersfield, Fresno, Modesto, Sacramento and Stockton) were up 28.2%. Six stores in Spokane were up (October) 32.8%, bringing the ten months figure to 29.4%.

Latest bank debits figures:

	Nov. '34	Oct. '34
	Comp. to	Comp. to
	Nov. '33	Oct. '33
California	10.8%	11.6%
Oregon	1.4	22.0
Washington	14.0	20.4

SALES MANAGEMENT

Four factors have been at work on the purchasing power of the farmers, orchardists and stock breeders in Washington, Idaho and Oregon. Not necessarily in the order of their importance, they are abundance of crop output, rising prices, U. S. government bounties and benefits, refinancing of farm mortgage loans. Owing to generally satisfactory moisture conditions, Pacific Northwest farmers have harvested larger crops of a number of important products in 1934 than they did in 1933, including apples, prunes, peaches, hay, many vegetables and small fruits, while the per-acre yield of grains is about the same as last year. For these good crops prices on October 15, 1934, for representative items, showed the following increases as compared with the same date a year ago: Wheat, 72¢ compared to 48¢; corn, 86¢ compared to 51¢; oats, 41¢ to 28¢; butter fat, 27¢ to 16¢; apples 85¢ to 70¢; hay, \$9.10 to \$6.20; hogs, \$5.10 to \$4.40.

The U. S. government program of crop control means \$28,000,000 in Federal cash for Pacific Northwest farmers, most of this being paid in 1934 and is largely "velvet" for the farmer. The fourth factor, government financing, amounting to tens of millions of dollars, and, separate from the acreage reduction bounties, put the average farmer in a position where he is free to use his regular income for farm and home improvements. It is interesting to note that commercial banks received 17.4% of the refinancing proceeds; local merchants, 3.5% on old accounts; insurance companies, 7.7% on mortgages; while 46.6% went to refinance old indebtedness to private individuals and mortgage companies.

There are many evidences throughout the Pacific Northwest that the gain in farm purchasing power is being reflected in better business for dealers and manufacturers who are seeking trade in the agricultural areas. During one recent month the Federal Land Bank, of Spokane, broke an all-time record in the disposal of acquired farms and farm land when sales for a total of \$308,606 were made. During the first 8 months of the year sales of automobiles in the non-metropolitan rural counties of the three states recorded a gain of 92.9% over the same period in 1933; while the sale of motor trucks showed a gain of 97.4% over 1933.

"Improved Morale Is Big Factor in 1935 Sales Outlook"—Hess

By EARL L. HESS

Vice-President & General Manager
Detroit White Lead Works

WITHIN the past six months sales of Rogers paints, varnishes, lacquers and enamels have shown a remarkable upturn—greater, by far, than any corresponding period during the past several years. It goes without saying that to us this is most encouraging, but more heartening still is the fact that a large amount of increase is being reported from farm communities, and it is our experience that when the farmer starts buying after a long period of business de-

pression, the rest of the country generally takes care of itself.

Indications are that the farmer is now not only better off financially than he was last year at this time, but there has also taken place an almost com-



Earl L. Hess

plete reversal of public sentiment, from an outlook of black despair to one of cheerful optimism. Naturally, most of this renewed hope is due to the first mentioned reason, for when you put money in a man's empty

jeans you go a long way toward changing his viewpoint on life.

Be that as it may, our sales figures prove that the American farmer definitely is staging a comeback. With the farmers' financial status one of the most reliable indices of American business conditions, we are expecting to do some real business in the farm market during the next 12 months. We anticipate the greatest improvement in those sections of the country wherein the most notable amount of recovery has already taken place: The West North Central states, the Middle Atlantic and the South Atlantic states.

To satisfy myself that sales actually were on the increase and to find out the reasons therefor, I recently took a trip through some of the principal sections of the above-named areas. In sharp contrast to former trips during the years since 1929, I found all classes of people happily anticipating the future. Not only did the farmers themselves reveal a greatly changed attitude, but jobbers, dealers and salesmen in many different lines were again evincing real optimism. Manufacturers likewise were highly encouraged, and those to whom I talked in such farm equipment centers as Davenport, Rock Island, Moline and Des Moines disclosed enthusiastic sales plans for next year.

Insofar as the paint business is concerned we know that many farm buildings have been allowed to stand so long without new paint that they long ago reached the "shabby" stage and are now perilously near "raggedness."

Taking into consideration the American farmer's traditional pride in his property, it is apparent to us that one of the first things he is going to do with his renewed income is to renovate, repair and repaint.

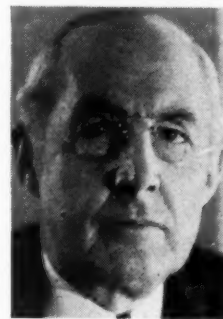
For that reason, we are going to be

in the farm market next year "with both feet" as the saying goes. We are going to make a greater effort than ever before to bring people into our dealers' stores and to educate them to ask for our products by name. For the accomplishment of these results we are relying upon a comprehensive advertising campaign, the major features of which will be radio broadcasting, followed by frequent, telling direct-mail, and assisted by an unusual variety of hard-hitting dealer helps.

Bowker Selects Best States for 1935 Farm Market Sales Drives

By HORACE BOWKER,
Chairman of the Board,
The American Agricultural
Chemical Company

I BELIEVE 1935 is going to be a pretty good year in the fertilizer business, just as it should be in every other business serving the farmer. This year's increase of about a billion dollars in the national farm



Horace Bowker

income means that the average farmer is going to be able to buy more industrial products of all kinds. Our preliminary forecasts indicate a possible increase of between 15 and 25% in fertilizer consumption next year. On that basis, we are planning to expand our sales and advertising activity, in selected localities where conditions warrant.

Our advertising program will, however, be expanded on a short-time basis at first. We cannot make long-time plans, in spite of the improvement which the AAA has brought to agriculture and the new stability which NRA has given the fertilizer industry. National recovery actually is here right now, but adverse developments in Washington could easily upset it.

Farm income, including benefit payments, was 20.4% higher in 1934 than in 1933. The states which show the greatest percentage increases were, in the order of size of increase, Kansas, South Dakota, Indiana, Iowa, Illinois, Missouri, Nebraska, Ohio and Florida, with the cotton belt states all showing better than the average rate of increase. These localities should produce more than average increases in sales of industrial products.

Can a Service-Type Business Profitably Use Window Display?

B Y

E. F. LOUGEE

EXTENDING the life of its newspaper advertising beyond the first reading and for a period of several months is the happy accomplishment of the New York Telephone Company through its 158 windows in its 51 branch offices in Greater New York.

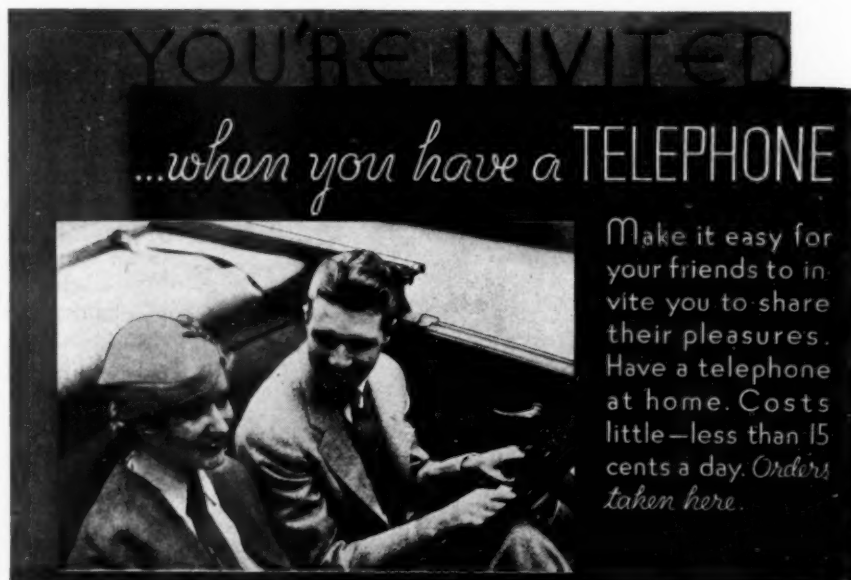
The company's advertising is directed toward two main objectives: To sell new service, and to stimulate the residence and business use of toll service. By adapting many of these advertisements appearing in the daily press in New York City to window display use they reach not only the customer or prospective customer who reads at home, but also the prospect who walks about town, causing him to turn his attention to the low cost of toll service, the many ways his family will benefit by a telephone in the home, or the use of the telephone in carrying on his business.

Not all newspaper advertisements are adaptable to window display use, for this medium has definite limitations and demands its own technique, and those which are selected for display purposes may go through a complete transformation before finally appearing in one of the company's many windows.

Photographs are used exclusively to illustrate the newspaper advertisements. Sometimes the Display Department uses only the photograph, working into the design of the display its own headline and modifying text for rapid assimilation. If the idea lends itself to mechanical treatment, full advantage is taken of the opportunity, for this company has found by actual count that a moving mechanical display attracts three times as many onlookers as a non-mechanical one.

An advertisement points out that the whole family can make use of the telephone and shows photographs of the family members. The window display adaptation also shows enlargements of these photographs, and a pointer moving from one to another gives the necessary attraction of motion. "Gear-ed to your Business" says an advertisement, and in the display the illustrated meshed gears actually move.

The displays are produced in the



The New York Telephone Company believes that such displays as this, placed in the windows of its 51 branch offices in Greater New York, have brought many inquiries about special services—and have stimulated untold numbers of passers-by into using their telephones oftener.

company's own workshop and are standardized in two sizes for economical production and distribution. They are rigidly constructed so that they may be brought back to the shop occasionally for cleaning and repairs before completing the circuit of the company's offices. Distribution is by truck throughout the city. Displays are changed in each window every week, except during the Summer when the period is two weeks.

Distribution and production are planned so that offices in business districts will get a majority of displays promoting business toll calls, those in residence districts getting displays promoting residence tolls or selling new service.

Newspaper advertisements do not furnish the only motif for company displays. Special displays with a news slant are frequently used. A close check is kept on local, national and international news, and wherever possible displays with a basis in the news of the moment are created.

Such a display was used recently in the company's Dey Street window in connection with the London-Melbourne air races. This event, lasting several days, offered an excellent opportunity to advertise overseas telephone service.

A large map showing the route to be followed by the air racers was

painted on wall board and mounted in a frame. Points along the route were lettered in. One table showed the prices of telephone calls to all points along the route reached by overseas telephone service, and another gave the numbers of the contesting teams, corresponding to numbers on thumb tacks placed along the route as the race progressed. From time to time news relating to the progress of the contestants was posted in hand-lettered bulletins, and throughout the day passers-by collected in large groups before the window to watch the progress of the race and incidentally to learn of the world-wide extent of telephone service.

Then, too, there are other animated displays which this company has found effective, which are not adaptations of newspaper advertising, yet drive toward the same objective. Two goldfish discuss (their mouths opening and closing) the fact that the "folks have an extension telephone put in another room," all of which points out that a telephone extension affords more privacy. Grandma rocks in her chair as she gives advice to a young housewife on the convenience of having a telephone at home. "Quicken Your Sales Tempo" says another, pointing out the advantages of the telephone as a sales auxiliary, and the hand holding the baton moves up and down.

SALES MANAGEMENT

The Display Department produces regularly an average of eight displays each month during the year, but this number does not include special displays based on the news. Neither does it include the special monthly printed posters which are distributed as auxiliary to main window displays and for use in windows too small for displays of the usual size. These are photo-gelatin reproductions of photographs and text usually used in the advertisements.

The New York Telephone Company is one of 24 associated companies which make up the Bell System. Photographs of all window displays, proofs of all advertisements, copies of all direct mail pieces, booth placards, editor's sheets—in short, duplicates of all forms of advertising and sales promotion—are furnished in sufficient quantity by each of the operating companies to the American Telephone and

Telegraph Company—the parent organization—for distribution to all other operating companies. This interchange of promotional material is made so that each company in the system may have access to every idea generated in all of the companies associated with it in the same business.

Since these displays sell a service and the use of that service, no regular check on their effectiveness is possible. There are occasional opportunities to check results, however. A display featuring amplifying equipment for the hard of hearing, shown in ten locations in Manhattan, Brooklyn and the Bronx, brought 227 requests for demonstrations of the equipment. Another display, featuring the value of long distance service for business use and calling attention to a booklet on the subject, brought 36 requests by telephone from business executives from many parts of the city.

Bowey's "Dari-Rich" Cracks Sales Record Despite Death, Depression

THIS is the story of Bowey's, Inc., of Dari-Rich, a chocolate drink, of depression, red ink, courage, recovery and a record business. Primarily it is a story of salesmanship.

Bowey's was founded in Chicago in 1895 and prospered continuously until, in a period of two years, Charles F. Bowey, president and founder, died; the company's secretary died; the chief chemist died; the general sales manager resigned and went to California. Two brothers, Donald F. Bowey and Charles F. Bowey, not long out of college, found the business on their hands. A sick nation added to their burdens.

Family conferences were held. The question was: "Shall we retreat or advance?"

Throughout all of its years the Bowey company has specialized in fruits and flavors used in the soda fountain trade and ice cream industry. In fact, that covered all of this business. Clouds were on the horizon. Agitation for the return of beer was being steamed up. The hard liquor era was just around the corner. Came 1932 and red ink. It was the first year that the company had shown a loss.

The brothers said: "We've got to advance. We've got to use our heads."

They began to search for opportunity. They decided that it was in the field of the dairy industry. Donald F. Bowey tells SM:

"In the Fall of 1933 our research and investigations were pretty well completed. We decided to increase our

advertising budget and put on salesmen. In other words, we went to it.

"Almost immediately we began to show definite results. This year, 1934, we have had the biggest year in our history of 40 years. It has been the biggest in volume sales and the biggest in net profits. Our dollar volume shows an increase of 105% over 1933.

"This record was made with two things—a product and energy. We developed a chocolate syrup made especially for mixing with milk. We aimed at the dairy products distributors. In Dari-Rich the chocolate doesn't settle out. It has appearance as well as flavor.

"We went to the distributors of milk and told them that at last we had a chocolate milk drink that didn't have to be shaken before being poured. Since the Autumn of 1933 we have been so successful that we are now selling our product to more than 2,000 companies in 46 states and three foreign countries.

"At the very outset we decided on an elaborate advertising campaign backed up with a carefully planned merchandising campaign. We use radio, newspapers, bottle collars, window streamers and drivers' contests. We developed a point-of-sale display stand. These stands show one bottle of Dari-Rich, which is our product, and four other dairy items—Vitamin D milk, cream, cottage cheese and regular milk, in which we, as a company, have no interest. That helps to get the stands used.

"We have worked out a radio serial,

'While the City Sleeps.' It tells a story of the adventures of the milkman. There is drama, sometimes melodrama, in the milkman's life. Often he sends in fire alarms. Again he discovers a burglar. He finds lost people, and many other things.

"So far we have used spot broadcasts but we are hopefully working toward the network. Among the spots used so far have been Chicago, Denver, Detroit, Pittsburgh, Milwaukee and Columbus. Our newspaper advertising so far has mostly been tie-in display space calling attention to our radio broadcasts. But it also gets across the story of Dari-Rich.

"We have used bottle collars and window streamers with good results. A sustained radio program in Detroit, begun in March, was so effective that in July one pint bottle of our drink was sold to every two residents of that city.

"We are doubling our advertising appropriation for 1935. About 75% of it in 1934 was spent for radio. We are also increasing our sales force."

Charles F. Bowey, vice-president in charge of sales, is only 27 years old, but he already commands a staff of 36 salesmen. He said:

"We have never been without competition. Three or four manufacturers of chocolate syrup to the dairy industry had been in the field from 10 to 12 years before we started. Our success has been, to a considerable degree, due to the fact that we have done something extra for the dairy companies using our products.

"We have been active in helping them sell. We don't stop with the sale of our goods to the distributor. We carry through and help them get consumption. We have spent money to induce the consumer to buy. We have worked out merchandising plans. We have done our part in putting a dairy drink into the enjoyment beverage class."

NRDGA Convention Will Study National Issues

National issues will play a bigger part than usual in the program of the National Retail Dry Goods Association's 24th annual convention in New York, opening January 14. Five general sessions during the four meeting days will be devoted to the general convention theme: "The consumer, the government and the retailer". The other sessions will cover "Better selling" and "Making a profit" in separate conferences of many groups.

The association this year raises its membership claim from 4,500 to "more than 5,000" stores.

SM's Three-Minute Report on Marketing Trends in Washington

Washington, December 26.

THE effectiveness of the Federal Alcohol Control Administration expires with the NRA, Mr. Choate's agency having been created under that Act.

There is much speculation as to the form of continuing legislation which will be asked of the Congress along this line. Certainly, Mr. Choate desires and will recommend that some specific lines be followed when permanent legislation is considered. But at the time of writing it is impossible to ascertain this.

Shortly after the holidays Mr. Choate is expected to confer with the President when they will exchange their ideas and dig out a request for permanent liquor legislation. Until that conference is over little will be known or can be known of the form the legislation is to take.

But several things seem certain to be included, if the recommendations sent to Mr. Choate by his assistants will have any bearing on the matter at all. And these deal principally with the matter of distribution.

The coordination of the various state laws for the distribution of liquor would simplify the problems of the various alcoholic industries immeasurably. Among these distribution problems stand pre-eminently the matters of classification of beverages for purposes of taxation and the bulk quantities which may be shipped.

Headaches in Liquor Laws

The first question is treading on dangerous legislative ground, for it will open wide the matter of taxation.

It is no state secret that the Government is disappointed in the amount of taxes received from liquors, wines and beers. And the solutions to the problem are manifold, dividing themselves into two classes. The first one, a lowering of taxes to induce additional legitimate consumption and so force the bootlegger out of business, is held by FACA Administrator Choate. The second one, a maintenance of the present domestic tax structure and a lowering of the import taxes through the medium of international trade agreements, is held by Secretary of the Treasury Morgenthau and chairman of the House tax sub-committee of the House Ways and Means committee, Samuel B. Hill of Washington. Mr. Hill and Mr. Morgenthau are in favor of tighter enforcement restrictions and

so eliminating the bootlegger by "police" procedure.

It is just barely possible, though not, according to general Washington belief, probable, that these two systems will be combined. This situation is something else which Mr. Choate's conference with the President is expected to bring to a head. But this much may be taken as fairly certain: There will be no open break between the heads of the various government liquor agencies over the matter of taxation.

While Housing is the subject, the general Washington opinion seems convinced that the Spring of 1935 will show a decided revival in the operations of the building trade, stimulated by the Federal Housing Program. And while economists agree that marked advances are not too likely, the increased demand from the building sources—including Public Works construction—will maintain the prices of building materials and related lines.

Stiffening Recovery's Spine

With this opinion the Government is right proud of itself. For it has contended that the heavy industries are the backbone of the recovery movement and if they can be consistently revived and permanently, why then we will have found at last that corner prosperity has been lurking around for lo! these many years.

All of which means that maybe there will be some sort of stabilization of prices. This is particularly true in prices controlled by the NRA. But the reason is different.

Chairman of the NIRB, Clay Williams, has called a conference for January 9 so that applause and kicks for the price control clauses of the codes may be bandied back and forth among all who might have something on their chests. The result of this should be, finally, a definite NRA stand on the matter of price fixing and price posting. And it can do little harm right here to editorialize for a short sentence and say: "It's about time."

There have been two big bugaboos as far as the NRA has been concerned. And it doesn't take the Delphic oracle to proclaim them as section 7a and price provisions. Nearly every day has brought its complaints in one field or the other. Now it will be interesting to watch all of the price preachings being delivered at once. If nothing constructive results from the meeting,

industry can have no one but itself to blame. It seems fairly well assured that the recommendation suggested by industry will be adopted as a permanent part of the legislative set-up if the NIRB has anything to say in the matter and if the recommendations are not too wholly at odds with the Administration's ideas of industrial justice.

With cheers in its heart and joy in its voice, the National Recovery Administration proudly announced that they were winning over 90 per cent of their litigation cases.

NRA Litigation on Fire

Factually, the NRA Litigation Division has docketed 874 cases of all kinds—with the exception of those in violation of section 7a of the NIRA which are handled by the National Labor Relations Board—since it was organized last March. Of that total, 485 have been referred to the Department of Justice in one way or another.

The following statement will show the disposition of these cases:

Closed in court	74
Rejected, dismissed, adjusted....	109
Now (Dec. 15) pending in court.	152
Being prepared for presentation in court	130

These figures are probably entirely accurate, but they represent only a preliminary count. There is always the possibility, for example, that a case considered closed may suddenly be reopened if the defendant thinks he might have a chance, after all, in a higher court, and there is always the probability that when a chiseler sees the Government really means business he will not defend a legal action or drop an appeal or settle out of court.

It is also rather important to note that more than 200 of the total 874 cases have been docketed in the Litigation Division in the six weeks preceding December 15.

In other and shorter words, the Litigation is going like a house afire.

The result of all of this should be that a lot more than 200 cases should see the inside of the litigation division's offices before the first six weeks of operation under the new system are over.

All of which means that with this intensive enforcement program under way, it will be a little time before recommendations are made to the Congress for legislation to continue the principles of the NRA.

Intensive hearings will be held—or at least are expected by one and all to be held—by Congressional committees before anything definite is shaped for legislative action. Much of these hearings will depend upon this litigation and compliance cooperation and action.

LARGEST AUDIENCE

MORE THAN ALL THE REST COMBINED

WDAF (owned and operated by The Kansas City Star) presents here the percentage results of a listening habit survey made the week of October 7 to October 13, broken down into hours of the broadcast day and certified by Ross-Federal Service, Inc. (Complete survey in detail available through any WDAF representative.)





	WDAF	2nd Station	3rd Station	4th Station	All Others
7-8 A. M.	49.7%	23.8%	16.0%	8.8%	1.7%
8-9 A. M.	51.1%	23.7%	14.0%	6.5%	4.7%
9-10 A. M.	50.5%	21.6%	19.1%	5.4%	3.4%
10-11 A. M.	48.1%	26.2%	17.5%	6.8%	1.4%
11-12 Noon	50.9%	26.4%	14.8%	7.9%	0.0%
12-1 P. M.	50.2%	26.6%	16.9%	4.8%	1.5%
1-2 P. M.	55.9%	23.9%	13.6%	4.7%	1.9%
2-3 P. M.	63.8%	23.8%	7.1%	1.9%	3.4%
3-4 P. M.	59.5%	22.8%	13.5%	3.3%	.9%
4-5 P. M.	48.8%	34.6%	10.9%	3.8%	1.9%
5-6 P. M.	54.0%	34.0%	7.0%	2.8%	2.2%
6-7 P. M.	61.4%	27.1%	6.7%	1.9%	2.9%
7-8 P. M.	61.0%	25.0%	9.3%	3.0%	1.7%
8-9 P. M.	55.9%	32.4%	8.9%	.9%	1.9%
9-10 P. M.	65.9%	27.6%	3.8%	1.1%	1.6%
10-10:30 P. M.	59.4%	33.4%	5.2%	1.0%	1.0%
ALL HOURS	55.3%	26.9%	9.7%	5.7%	2.4%

GREATEST AREA

WDAF has the greatest *primary coverage area* of all Kansas City broadcasting stations. Here are the figures in square miles:

WDAF PRIMARY COVERAGE (Night)	41,505 Sq. Miles
Second station (Night)	12,126 Sq. Miles
WDAF PRIMARY COVERAGE (Day)	41,505 Sq. Miles
Second station (Day)	26,169 Sq. Miles

IN OTHER WORDS:

	WDAF (NIGHT)
	Second station (Night)
	WDAF (DAY)
	Second station (Day)

LOWEST RATES

WDAF has the *lowest rates*. Advertisers who take the trouble to make comparisons will find that program for program, period for period, schedule for schedule, WDAF's rates in dollars and cents are actually lower in many cases than those of its nearest competitor, without reference or allowance for WDAF's vastly superior coverage. When coverage and listener preference are taken into account, WDAF's rates are in *all cases*, away and by far the lowest of all Kansas City stations.

Advertisers in The Kansas City Star receive a special discount. "Any WDAF advertiser who spends an equal amount of money in the same calendar month in the Daily, Sunday or Weekly Star for display advertising is entitled to a 25% discount from the regular broadcasting rates."

WDAF

Owned and Operated by

THE KANSAS CITY STAR

Correcting Freight Allowance Evils

This is a digest of responses to problem Number 2 of the series of distribution problems now being studied by the Sales Executives' Forum of the Sales Executives' Club of New York. Conducted by Walter Mann & Staff with the cooperation of the editors of SALES MANAGEMENT. Those of our readers who would like to know more about the subjects to be covered in the forthcoming series, and who are bona fide sales executives, many receive the detailed reports free of charge in return for their whole-hearted cooperation in filling out the questionnaires, by written application to Walter Mann, care of SALES MANAGEMENT.

BY

WALTER MANN

Walter Mann & Staff, New York

PROBLEM Number 2: "A member of the Sales Executives' Club, whose product is distributed largely through chain stores brokers and jobbers, finds that the pressure of chain store price competition is causing his jobbers to reach out for unjustified discounts. Failing to get them directly, they are now trying to get them indirectly by claiming unusual freight allowances from central warehouses through one pretext or another. Most manufacturers today maintain warehouse stocks in all of the larger cities and towns to insure prompt handling of sectional orders. Outlying dealers and jobbers who normally pay freight to the warehouse plus freight to their respective cities and towns now try to pick up merchandise *at the warehouse* and claim freight allowances for the difference. This makes for involved bookkeeping and checking processes which are costly to the manufacturer and irritating to both sides. Moreover, our member claims that such an allowance actually constitutes discriminatory price cutting, in that no two jobbers are equipped for merchandise pickups in exactly the same degree. How can this allowance evil be handled most effectively? Are there other ways in which freight allowances are being juggled? If so, how are they being circumvented? Are other ways being worked out to gain discriminatory discounts?"

Boy! Page Mr. Johnson—that almost forgotten man. For, according to our informants on this problem, this is one result of his brief and hectic

regime that sales executives of packaged goods generally can and generally do rise up and give thanks for, i.e., the almost universal elimination (or at least curtailment) of the freight rate allowance evil.

A great many of the responders to this questionnaire sent their answers back with one terse comment written across the middle—such, for instance, as "No longer a serious factor in our business"; "This used to worry us a lot, but since our code has been in effect, we don't have to bother about it any more." Another responder, a large dealer, says that he doesn't expect freight allowances any more. He explains further, "As buyers, we either buy in carload lots from the factory or pay the stipulated difference if purchases are made from the local warehouse. We do not try to chisel between the warehouse price and the F.O.B. factory price, but assume the difference in our costs, when buying in carload lots." And this is apparently the reflected attitude of many more jobbers and dealers following the adoption of General Johnson's nice little sets of playing rules.

In its day, however, freight rate allowances were a major issue, and still are in some lines. For instance, we read the following comment from a well known foodstuffs manufacturer: "We refuse to allow payment to any distributor for acting in the capacity of a common carrier, because this would in effect be discriminatory. For that reason such practice is proscribed by our code. Even before the institution of our code, we refused payments and for the same reason; but the code *does* supply us with a good 'out' whereas formerly we found it difficult sometimes to explain to the distributor's satisfaction why we would not allow such payments."

Says another responder: "Some years ago the practice became so general and the profits to the distributors so lucrative that, when we began to stop it, some distributors organized their own trucking companies to try to milk us. This responder discovered that a carefully worded questionnaire which showed clearly the ownership of the trucking company and thus generally discouraged an attempt to capitalize on the freight rate allowance racket, answered his problem.

Several well-known foodstuff manufacturers dismissed the whole subject with such comments as "All direct sales on a wholesale basis are freight prepaid"; "Freight prepaid—no allowance to anyone for warehouse pick-up," etc., indicating that this is a fairly general method of avoiding the subject with customers. If no freight charge is involved, no freight allowance can be claimed.

Another manufacturer prevents freight allowance claims on a similar basis: "We maintain no warehouses. Our merchandise is sold *delivered* on certain sized orders and to certain territories. To others there is a special allowance per hundred pounds. On small orders, the price is F.O.B. factory. The F.O.B. factory price applies also to the Pacific Coast points."

A distributor of household equipment contributed the following: "Some jobbers deduct a 'freight allowance' from bills (hoping to get away with it). Usually we simply return the check and write a letter stating that this is not in accordance with our terms, and have a representative call to explain. Sometimes, however, we deposit the check but, in addition to writing and having the representative call, we bill the jobber for the deduction. Sometimes a jobber will make the deduction a couple of times. When this happens, we hold up further orders until our representative settles the entire matter. Once in a while we will allow such offenders to get away with the first deduction, if they promise not to do it again. We have this trouble mostly with *new* jobbers. By adopting a firm attitude, we show them that we mean business, and they stop chiseling—especially when they realize that no other jobber is being treated any better." In this manufacturer's line such chiseling *is* a code violation and *does*, he feels, constitute discriminatory price-cutting.

A grocery product manufacturer mentions the following attempted abuse: "Seeking to pick up goods from the warehouse for redistribution to branch houses, and claiming freight to the *most distant branch*." He states their attitude on this custom in the terse sentence: "The only way to cure such practices is to decline flatly to subscribe to them and stick to your established policy without discrimina-

tion." This responder did not regard such practices as a form of code violation. He and other grocery responders seemed to agree that this *did* constitute a form of discriminatory price-cutting. (See next response.)

Another grocery product manufacturer faces the following freight allowance abuses:

Abuse Number 1: The claiming of undue allowances. "The allowance of these claims was a general practice by all manufacturers in our line. No one was willing to break away." This was solved, however, as follows: "Our Code Number — discontinued all allowances for freight to customers who pick up merchandise."

Abuse Number 2: Customers forming their own trucking companies un-

der different names. "This was eliminated by allowing freight only if shipped by a licensed trucking company using regular tariff schedules."

Abuse Number 3: Customers purchasing a carload with the privilege of trucking from branch to branch by their own trucks. "If we didn't give the allowance the next manufacturer would." The code* discontinued this evil "which was very bad and actually constituted discrimination, as all jobbers could not take advantage of the privilege similarly."

* In this manufacturer's industry the code had some real teeth. The code authority, we understand, set a penalty of \$500 for each violation. As a consequence, the whole industry was cleared of a vicious practice.

Axiom: We Break More Quotas When We Make More Calls

(Continued from page 20)

On a cost-per-sale basis these men compared in this way:

	Quota pts. per month	Ratio of cost to order per cent
Salesman in territory A	900	100
Salesman in territory B	700	129
Salesman in territory C	500	180

A relationship of this nature is found in many lines of selling. Even for commission men there is cost of hiring, training, supervision and overhead.

As a final example of cause and effect, let us study the work of two groups of men. One group included the four men highest in sales for a number of months; the other group included the four lowest men for the same period.

	Av. No. of calls per day	Av. No. of evening ap'ts. per week	Av. No. of deals closed per month
<i>Top group</i>			
Salesman 1	25	20	97
Salesman 2	38	11	77
Salesman 3	30	16	63
Salesman 4	43	14	61
Average	34	15	75
<i>Bottom group</i>			
Salesman 5	20	2	21
Salesman 6	20	2-3	19
Salesman 7	23	1	16
Salesman 8	22	5	8
Average	21	2-3	15

Note the great difference in evening appointments. In this industry—as in many others—a high percentage of sales are closed in the evening. Note difference in calls made between the two groups. And observe that the top men averaged from two to four deals a day, while of the low group not one man approached an average of one closed deal a day. In order to sell, a man must apply closing tactics skillfully and consistently.

Study the activities of your men for their present strengths and weaknesses in sales work, particularly calls. Then take steps to develop the strong methods and to eliminate the weak. Those who will cash in on 1935 opportunities are those who will match increased opportunities with increased sales effort.

G-E Contest for Small Houses

General Electric Company is sponsoring a contest among architects for the best small home design that incorporates "the utmost in modern convenience and livability." There are a total of \$54,000 in prizes. It will be possible for one architect to win as much as \$5,000. The contest, starting January 1, is one of the company's contributions to stimulate home building in 1935.

Battle Looms Over Use of President's Picture in Advertising

The extraordinary popularity of President Roosevelt has prompted a number of individuals and companies to use the President's picture in promotion work, and a merry battle rages at present around the anti-chain store film, "Forward America," which was reviewed in our issue of September 15.

A section of the film uses a picture of the President and extols the New Deal philosophy. Certain opponents of the film maintain that Mr. and Mrs. Average Consumer will get the idea that the picture is sponsored or endorsed by the President.

A White House inquiry from Stephen Early, Secretary to President Roosevelt, about the use of the President's picture, reached Frank R. Wilson, the film's producer, two months ago. His frank reply that he did not think the film overstepped the bounds of propriety, since it used no professional actors and did not quote the President commercially, has not been answered, so Mr. Wilson says. Perhaps nothing more is coming from the White House. Mr. Wilson says he can only guess who stimulated the query.

Since then, he reports that an appeal to stop the film was made to Will Hays, motion picture industry dictator, and that the film code authority was asked whether any provision of the code barred such films.

After a quiet complaint had been filed with the Federal Trade Commission by parties unnamed, two investigators called on Mr. Wilson. He showed them "Forward America." Their report has gone to Washington. No strictures have been laid by that authority. So Mr. Wilson is proceeding with its promotion, a weather-eye cock-

ed for trouble from any quarter.

The President of the United States has no more legal protection than any other citizen of the Nation regarding the use of his picture or what he said. There is neither a specific statute, nor an executive ruling, nor a Federal Trade regulation which relates specifically to the use or the non-use of the President's face.

The White House tells our Washington editor that the "President is not protected" in this connection, but that the practice has been merely to make a request that an objectionable use is objectionable and heretofore the quests have been complied with.

As a citizen the President has recourse to the taking out of a restraining order against the use of his picture or what he may have said, alleging violation of personal rights, use without first having obtained permission, etc.

Up to the middle of December the film, "Forward America," has been shown in eight towns and small cities through organizations of independent dealers.

The last and greatest run was one week in the Fox Orpheum of Topeka, Kansas, where a total of 16,000 people are reported to have seen the picture. Negotiations are now in progress in many other communities. Mr. Wilson believes a New York showing will be made in January.

"If anybody manages to stop this film," says Promoter Wilson, "I think a loud voice will be raised from among the 1,500,000 independent dealers and hundreds of interested jobbers throughout this country. As a matter of fact, the more the opposition attacks, the more publicity goes to our case."

Media and Agencies

Shall We Go on the Air?

The much-discussed question, "Shall we go on the air?" has been answered by an enterprising magazine man, George Bryson, of *Redbook*, in the form of a seven-page letter from Tom Blackman, admanager of the Nighthawk Coffee Company, to his boss, J. B. Oxley, president. The letter is being circulated among agencies and national advertisers and radio time sellers are being asked to refute, if they can, the many reasons advanced as to the superiority of magazines.

There's no Nighthawk Coffee Company, no Blackman, no Oxley. Bryson concocted them out of a fertile imagination as convenient ghosts on which he could hang the fabric of his analysis. Publication men in general, and adherents of the dominance of the eye among the senses, will find in the Bryson letter a brilliant summation of their favorite arguments. Radio men, and the ear-minded gentry, will disagree with most of his reasoning, but slow thinkers among them may be hard put to answer some of his statements.

The argument starts because the big boss wants to use radio, and doesn't want to increase the appropriation. Their old standby, the magazines, will have to take the cut if the company goes on the air, and the admanager puts up a fight.

"Producing a successful radio program," Blackman says, "is in many respects a greater gamble than producing a play, and even if you are lucky enough to hit on a successful program, it takes many heart-breaking and expensive weeks to build up an audience such as that enjoyed by Maxwell House coffee. On the other hand, all the magazines we are using have established programs of entertainment. They have all built up valuable audiences of consistent 'listeners,' and our advertising receives the benefit of this 'build-up' without our having either the expense or gamble of the entertainment part of the 'program.'"

He then goes on to point out that there are more failures than successes in "show business" and that the failures in radio are as little heard of and as soon forgotten as those on Broadway—to which the radio men who have studied the letter make the rejoinder that other sales tools, including magazines, sometimes are used so ineptly that the campaigns are a flop.

What Is Air Circulation

On the subject of air circulation Nighthawk Blackman cuts down the accepted government estimate of around 18,000,000 sets to a potential of less than 16,000,000 families, the difference being accounted for by his estimate of sets out of order and duplication of ownership. Radio men answer the sets-out-of-order charge by pointing to a fairly recent survey among 70,000 homes which showed that 98.9% of sets were in good working order in homes of people in the over \$10,000 income class. As income levels decrease the percentage of sets out of order increases, and the low point is reached in the under \$2,000 income group, where the survey indicates that 5.5% of sets do not work.

The *Redbook* argument quotes a radio man as saying that about 60% of sets are

actually turned on during any 24-hour period, and on this assumption the potential audience is then marked down to 9,600,000 families. "In the eight magazines we are using we know that we had a total net paid circulation for the first six months of this year of 14,781,487." (Oh yeah, say the radio sellers, but how much duplication? Don't tell us that this total means fifteen million separate and distinct families!)

The letter next takes up generally accepted "ratings" of well-known radio programs, and by applying each program's percentage of one day's estimated 9,600,000 listeners, the number of families reached by certain programs is placed as follows:

Maxwell House Showboat	....	3,840,000
Fleischmann's Yeast	.....	2,976,000
Palmolive Beauty Box	.....	2,784,000
Chase and Sanborn Hour	.....	2,688,000
Amos 'n' Andy	.....	2,304,000
A & P Gypsies	.....	1,248,000
Byrd Expedition	.....	1,152,000
Goldbergs	.....	960,000
Colgate House Party	.....	864,000
Manhattan Merry-Go-Round	...	864,000
Voice of Firestone	.....	768,000
45 Minutes in Hollywood	....	768,000
Maria's Certo Matinee	.....	480,000

Readers vs. Listeners

At this point the eye versus ear argument becomes confused because no one has as yet worked out any basis of comparison of radio listeners and magazine ad readers which has general acceptance. The Crosley method of rating programs (ANA sponsored) is a "voluntary recall" method, and somebody made the statement at the last 4A's convention that the question, "What programs did you listen to yesterday?" is roughly similar to asking people, "What ads did you read in the *Saturday Evening Post* yesterday?" without showing them a copy of it. The so-called radio coincidental or simultaneous telephone method, calling people up while the program being checked is on the air, brings markedly different results. There are those who argue that the actual readers of a specific advertisement are directly comparable to actual listeners to a specific radio program and that people who saw an ad but just passed it by and didn't read it might be compared to radio listeners who tune in a program, don't like it, and tune it out.

No one seems to know what percentage of listeners the average radio program has. Measurements of the percentage of family readers of the average full-page magazine ad range from 7%, established by Dr. Gallup, to 15% as shown in some of Dr. Starch's recent studies. Anyway, averages are tricky, and the success or failure of either printed or auditory campaigns is attributable only in part to the vehicle used.

Admanager Blackman says that "visibility tests" made on their magazine advertisements showed that 65% of readers saw their advertisements and that 45% could identify Nighthawk Coffee as the product advertised—from which he develops the point that 45% of their magazine audience of 14,781,487 families would be 6,651,669 known readers, or nearly double the estimated Maxwell House (average weekly)

audience of 3,840,000. (Had he gone a step further and approximated the duplication he would have a figure which might leave the radio adherents with only this argument to fall back on: Their belief that the radio audience is less static, that the 3,840,000 people who listened to the Maxwell hour this week were only in part the 3,840,000 people who listened to it last week—to which the magazine men would start figuring on relationships between subscription and newsstand sales—and both sides would have a grand time arguing but without presenting evidence which would convince the dispassionate observer, because neither would have enough facts to work on.)

A Comparison of Costs

How do the two mediums, magazines and broadcasting, compare on a cost basis? The Nighthawk letter says this, "The Colgate House Party Program, which comes nearer being the type and length of program you suggest for us, reaches about the same number of families as *Redbook* Magazine. (Editor's Note: Per broadcast, not per month.) The \$39,000 they spent (monthly) would enable us to buy fifteen four-color pages per month in *Redbook*. I don't think very many *Redbook* readers would miss our advertising at that rate, do you? . . . Of course it is true that the people who listen to your radio program have less chance of getting away from your sales message than do those who read the magazines. But, my contention is that if you spent as much money to get the magazine reader's special attention as you do to get him to listen to your radio program, and kept at it consistently month after month, you would get equal or greater attention from a larger audience of magazine readers to a much more complete sales story."

A little further on he enlarges on the point that it is so easy to cut down the size of space and to cancel insertions in printed advertising—a point the sales and advertising head of a large food-products corporation brought up in chatting with a SALES MANAGEMENT editor the other night. The company ranks as one of the most successful users of radio.

"One of the reasons, I think, why we have had good success in radio is that whether we want to or not we are forced to be on the air frequently and consistently. The least we can buy from the networks is fifteen minutes once a week for thirteen weeks—and note that this means every week.

"We 'enjoy' much more latitude and flexibility in magazines and newspapers. We can stay out for weeks or months, then come in for a few shots and drop out again, or we can advertise on a consistent or regular basis, but with such long gaps between advertisements that people forget us.

"I don't credit the radio impresarios with any greater acumen or foresight than publication executives, but the mere fact that in radio they are forced to operate on a time-table basis has given them the power to tell us to advertise once a week or stay off the air. So, quite innocently and accidentally, perhaps, they have made a great

SALES MANAGEMENT

many advertisers discover one of the keys to successful advertising. *I refer to frequency and consistency of insertions.*"

The Nighthawk analysis is one of the most stimulating—and provocative—advertising documents ever written, for it marshals together nearly every known argument for and against radio and magazines. For example, it goes into the subject of eye-mindedness and ear-mindedness, and adds this as a clincher to the statement that most people find it easier to grasp and remember a visual impression than an audible one: "Most people would rather be deaf than blind." Radio men, of course, are equally ingenious in upholding their side, and point out that, for instance, a child's intelligence is concentrated in its ears long before it can read—and even before it can focus its eyes.

One might hazard a guess that few if any of those who are sold on radio will become unsold by the Nighthawk letter. As a matter of fact, *Redbook* doesn't try to unsell them. Radio is good, it says, but magazines are better. It probably says more favorable things about radio than any consumer magazine has ever put in print before, and if all that it accomplishes is to make many sales and advertising executives think more carefully about the merits of the two great mediums in terms of their own specific needs, it will have accomplished something worth while. And, too, it causes a lot of people to talk about *Redbook*, which isn't displeasing to the Messrs. Warner Sterling, Kennedy, Parsons, et al.

What Did LaGuardia Say?

New York morning newspapers of December 20 carried long stories about the interviews Mayor LaGuardia had with the President and Secretary Ickes about a proposed plant to supply power for municipal and Federal buildings. According to the esteemed and dignified *Herald-Tribune*, the Mayor after his conference with Mr. Ickes gleefully exclaimed, "that \$15,000,000 is merely the Angostura in the cocktail." The equally e. and d. *Times* was less specific—"it is about comparable to the bitters in a good cocktail." . . . Apparently the *Times* reasons that Angostura is such a long word that it will fit only in the advertising columns.

Ayer Reports More Newspapers

The new edition of N. W. Ayer and Son's Directory of Newspapers shows that returning prosperity has stimulated newspaper publishing. This year there was a gain of 129 newspapers over 1933 (while that year there was a decline of 212 compared with 1932). Out of the 14,091 newspapers in the United States and Canada, 2,197 are dailies, a gain of 38. The greatest gains took place in the Southern states.

Media Notes

Silver rotogravure printing appeared for the first time in any Chicago newspaper in the *Sunday Tribune*, December 16. That issue also contained the largest display advertising volume placed by manufacturers and retailers in any December issue of that paper since 1929. . . . The December 29th issue of *Billboard* celebrated the 40th anniversary of that amusement weekly, and contained 324 pages of text and advertisements. Showdom always has been a good index of business conditions—and the amusement field is getting prosperous again. . . . The *Christian Science Monitor* recently entertained the members of the Boston Advertising Club at a buffet luncheon

and a trip through the new plant. Within an hour and a half of the time when a photographer snapped a group picture the visitors were flattered to see their faces on the front page of a special edition of the *Monitor*, together with a special story about their visit.

Personnel

Ralph V. Sollitt has retired as president of Lord & Thomas, and Albert D. Lasker will act as both chairman and president. . . . Richard Barrett, effective today, becomes manager of the Chicago office of Fletcher & Ellis. . . . R. P. G. Borwick, formerly of the New York *Times* and the Quality Group, is the new promotion manager of the Washington *Herald*. . . . Marshall Allen has joined *Sunset*, in their Chicago office, on a special assignment to develop that magazine's copy-testing facilities. . . . Carleton Healy, formerly of Eastman Kodak and the J. Sterling Getchell

Agency, is now sales promotion manager of Hiram Walker.

Agency Changes

Hiram Walker newspaper and trade paper account to Fletcher & Ellis, Inc. . . . All divisions of Chase Brass and Copper to Fuller, Smith & Ross. . . . Mohawk Carpet Mills to Blackett-Sample-Hummert. . . . Will & Baumer Candle Company to Badger and Browning & Hersey. . . . Edward G. Budd Manufacturing Company to N. W. Ayer & Son. . . . Oakite Products for the consumer market to Calkins & Holden. . . . Firestone export advertising to Maxon, Inc.

Network Time Chart

Radio Art, effective with its December 15 issue, has started a radio time table which shows for each of the three big networks the time sold for each fifteen minute period—the company, the product, the program, the agency.

IT DARES TO BE DIFFERENT



Point of Difference No. 8

Newspaper TIMELINESS Magazine DURATION

Daily publication . . . day-before closing . . . regional placement . . . are among the newspaper advantages you get in The Christian Science Monitor. In addition, its high news and editorial standards . . . its continuing freshness . . . its usefulness for reference purposes prolong the effect of your advertising message.

THE CHRISTIAN SCIENCE MONITOR

Published by The Christian Science Publishing Society
Boston, Massachusetts

NEW YORK OFFICE—500 FIFTH AVENUE

Other Branch Offices: Chicago, Detroit, St. Louis, Kansas City, San Francisco, Los Angeles, Seattle, Miami, London, Paris, Berlin, Geneva, Florence



AN INTERNATIONAL DAILY NEWSPAPER

OPEN SEASON FOR HEAD-SCRATCHING

About this time of the year the fellows whose job it is to tie sales chart lines to clouds lock themselves in their office and go on a floor-pacing, head-scratching binge. It is a form of expressed emotion generated by the perennial problem, "what new fields to conquer next year"; or, "how can we get more out of what we already have?" If you are trying to sew up this market without this newspaper, you are simply making your job tougher. No other paper published or sold in the Newark market equals the coverage of the NEWARK EVENING NEWS. Practically every family reads it, regularly; 90% of them like it so well they have it delivered right to their homes. That is what we call preference, reader interest. It is home coverage, and that is just the kind you need. Get your story into the family circle and you can write okeh across North Jersey. But schedule adequate lineage; a market like this and a paper like the NEWS deserve it.

Newark Evening News

America's Leading Week-day Newspaper

Newark, N. J. EUGENE W. FARRELL, Business and Advertising Manager. O'MARA & ORMSDEE, INC., General Representatives: New York, Chicago, Detroit, San Francisco, Los Angeles.

[50]

The High Cost of Snap Judgment in Business

(Continued from page 12)

withdrawal, he discovered that it had been made by a firm which was opening a new branch office and that, further, it had not been an ordinary withdrawal at all, but rather a transfer from a savings account to a checking account, because this firm would need a little extra ready cash. The *when* and the *where* in this case were obvious.

But the *what* and the *who* certainly explained *why* withdrawals appeared high. And there was, after all, really nothing to be alarmed about.

Let's take one more example of a statement that jumbles fact and opinion.

The manufacturer of a household cleanser sells his product direct to the retailer. The advertising manager, in conversation with a new member of his department, said, "For the first time in my advertising experience, I am able to see specific and tangible results from the use of a single advertising medium. About a year and a half ago (in the Fall of 1931), we began to use the radio. And our sales have been increasing right along. There's an advertising medium that's got everything. And the appeal to the customer through the sense of hearing has put an entirely new note in our advertising. Believe me, it has produced results. Next year we're going into radio advertising big. We're thinking of doubling our radio appropriation."

Pitfalls in Half Truths

Let us see what would have happened if the advertising manager had withheld his decision regarding radio advertising until he had separated his facts from his opinions and then analyzed his facts. First he would have found that the primary facts on which his decision was based, are:

1. That radio advertising was initiated in the Fall of 1931.
2. That sales are increasing.

And he would also have discovered that his feeling that radio advertising was primarily responsible for the sales increase was merely an opinion.

Second, analyzing the facts from the standpoint of *what*, *when*, *where*, and *who*—he would have made some startling discoveries—discoveries that were later made in an actual analysis of this case.

What—This manufacturer is selling his product in only one form and one size, so that *in this case* there is no analysis to be made from the stand-

point of *what* is under consideration.

When—An analysis from the standpoint of *When* showed that radio advertising had been initiated in October, 1931, and that sales had begun a gradual increase in May, 1931; that the year 1931 showed an increase of 10% over the year 1930; and that the year 1932 showed an increase of 18% over the year 1931.

But more significant—a review of yearly sales for the past 24 years showed that sales had *always increased during times of depression*.

Where—A territorial analysis showed that:

(1) Out of a total of 78 sales territories, there were 32 territories in which sales had increased, and 46 territories in which sales had not increased.

(2) Out of the 32 territories in which sales had increased, there were 14 territories in which radio advertising had been used, and 18 territories in which radio advertising had not been used.

(3) Out of the 46 territories in which sales had not increased, there were 18 territories in which radio advertising had been used, and 28 territories in which radio advertising had not been used.

Who—Inquiries among consumers and retail stores revealed that:

(1) The product was particularly popular in sections of the country where the water was relatively hard. In hard water territories, consumers explained that "It works so well in the hard water we have here."

(2) Due to the depression the low price of the product was stimulating its sale among women who said that they had previously used a higher-priced product.

Chain stores were therefore encouraged to run "specials." Since data are available on the relative hardness of water for various parts of the country, further analysis was made which showed that:

(1) Twenty-seven of the 32 territories in which sales had enjoyed large increases were relatively hard water territories.

(2) Thirty-nine of the 46 territories in which sales had not increased were relatively soft water territories.

In this case, the evidence indicated that hardness of water and the business depression were apparently more responsible for the sales increase than radio advertising.

SALES MANAGEMENT

In selling, the salesman so often gets a mistaken idea of what his sales problem really is, if he accepts, as fact, what a prospect tells him.

Not long ago an insurance salesman told me that he lost a \$100,000 policy because he believed a prospect who told him that because he was getting a divorce from his wife and arranging to marry again, he was under too heavy an expense to consider insurance at that time. A few weeks later this salesman learned that the prospect had bought a \$100,000 policy from another agent who apparently forgot about the "no money" objection and inspired the prospect to buy.

A publication representative, new on the job, called on a national advertiser who had used the publication some years before, and was advised by the advertising manager that the last campaign in this publication had failed and that consequently he would not be interested in trying it again.

Ask and Weigh the Answers

One would naturally assume that an executive as well-informed as the advertising manager knows what he is talking about. For five years other salesmen, calling on this same account, had accepted the advertising manager's contention without question, with the result that they looked upon that problem as being one of attempting to resell a publication that had failed. The new salesman, however, rather than accept this observation of the advertising manager, dug into the advertiser's old sales records, asked the what, when, where, and who questions, with the result that he discovered certain statistical errors in the advertiser's summary of that campaign, presented the whole case to the advertiser who saw that he had done the publication an injustice. Once this was brought to light, the sales problem was merely one of answering a few minor objections on the type of people reached by the publication, and when this was done, the advertiser resumed his use of the publication.

A machinery salesman called on the purchasing agent and was told:

"We don't want any more of your machines in our mill. The last one we bought from you broke down. We have a research department that carefully checks the relative performance of various makes of machines, and we have been instructed by our director of research not to buy any more of yours."

One would think that when the director of research of a large company noted for its scientific work reports that he has carefully checked the performance of a given machine and

found it to be inferior to other competing machines, he knows what he is talking about.

But the machinery salesman, rather than accept even the word of a director of research, determined to look into the case. He proceeded to ask the what, when, where, and who questions. He talked with every employee who had had anything to do with operating the machine, and finally in his conversation with the man on the night shift, learned that this operator had overloaded the machine in an emergency. When this evidence was brought to the attention of the purchasing agent, and through him to the director of research, the ban was lifted

and about a month later, when they were ordering new machines, this salesman got his share of the business.

This case shows that even the director of research of a large scientific institution isn't always right.

These cases should be sufficient to demonstrate that when a salesman accepts without question what a prospect says, he builds up imaginary fears and hurdles in his mind which actually do not exist. They show that when he accepts the prospect's word he may start out with the wrong conception of what his selling problem really is. And how can anyone solve a sales problem, or any other kind of a problem, unless he knows what it is?

...and MAY YOU HAVE "TWINS" during 1935!

We mean, of course, may you have the "TWINS," Minneapolis and St. Paul, on your schedule during 1935! For the Twin Cities' Trade Area—where 74.3c out of every dollar in Minnesota are spent—is in the very heart of the 9TH U. S. RETAIL MARKET, and is certain to remain one of the richest markets in America.

And remember, please, that in this market, the recent ERNST & ERNST SURVEY revealed these significant percentages of listener preference:

K S T P	50.1 %
Station B	36.5
Station C	6.0
Station D	4.5
Other Stations	2.9

**W-H-E-R-E and W-H-E-N Minneapolis and
St. Paul L-I-S-T-E-N is where and when
they B-U-Y!**

Ask to see the Certified Copy of this Survey at any of our branch offices. And for other proved facts communicate with FORD BILLINGS, General Sales Manager, K S T P, Minneapolis, Minn., or our National Representatives: New York—Paul H. Raymer Co. Chicago, Detroit, San Francisco—Greig, Blair & Spight, Inc.

KSTP

MINNEAPOLIS—ST. PAUL

DOMINATES THE 9TH U. S. RETAIL MARKET

Sales Letters

BY MAXWELL DROKE

New Year Cracks Its Shell as Ye Scribe Shells Out Cracks

I began to shed my illusions along about the time I observed that a visitation from St. Nicholas was strangely coincident with the arrival at our modest manse of a large, mysterious box from Sears, Roebuck. The process of moulting is now tolerably well completed. I am, I trust, neither an optimist nor an idealist. And if you, Gentle Reader, are perchance a Disciple of Browning, your one will get you ten from me against the proposition that all's right with the world.

Nonetheless, we come now to what our Better Bards delight in terming the threshold of a New Year. Speaking in my appointed role as a weather-beaten prophet, weary and full of days, I am not deeply impressed. Too many years have harrowed my furrowed brow and harried my nervous system for me to become greatly excited by the advent of yet another. In my time I have seen young years stride into the arena with a bit more bravado; a trifle more impudence and insouciance. The present specimen has the look of one whose maternal parent dallied too daintily with the spinach and cod liver oil, with new fangled child-raising methods.

But the New Year is here. And very little can be done about it. It is the only year we are likely to have for the next three hundred and sixty-some-odd days. It well behooves us, then, to get out our kit of tools, and each in this own fashion carpenter from his allotted days as likely a hunk of destiny as his skill and artistry will permit.

We correspondents, in particular, who exert an influence upon the minds of salesmen, merchants and that elusive spectre known as The Public, have a responsibility that cannot be shed lightly as a shift. In days agone there has been too much of airy optimism; too much—far too much—choleric woe.

Let us then be resolved to rationalize this thirty-fifth year of the Twentieth Century. No infant thrives while eager relatives hover over the cradle armed with clinical thermometers, diapers and soothing syrup. Let us stand back, give the child room, and air—and time. Let us go on about our business—be it good or bad—and let the year do likewise. After all, there is nothing inherent in a year that makes it boom or bust. It is the actions of faltering mortals that set the tempo of the times.

We much need a new oracle to remind us of an old truth: It is not in the calendars but in ourselves that we are afflicted.



Maxwell Droke

Standing Invitation

Mr. Droke is always glad to criticize sales letters and direct mail messages for our subscribers. There is no cost or obligation for this service. Address him in care of SALES MANAGEMENT, enclosing a stamped, addressed envelope.

Amid Iridescent Generalities Plain Facts Gain by Contrast

It is well, now and again, to remind ourselves of the productive power that lies in simple things. Specifically, I have reference to a homely little four-page form, processed in typewriter type. It is in the form of a memorandum from the desk of V. D. Angerman, circulation manager of *Popular Mechanics Magazine*, and is designed to sell "*Popular Mechanics Shop Notes for 1934*." The first paragraph explains the form:

"*Special Note:* Instead of having our advertising department prepare a fancy colored circular, I am personally dictating this simple memorandum. We have found that practical men like yourself prefer to receive a plain sheet of paper like this, containing a frank statement of facts, rather than an elaborate circular filled with glowing generalities."

This is followed by a couple of paragraphs explaining the what and why of the book. Then, three and a half pages, detailing the contents of the book. One of the most impressive presentations I have seen in many a day. I doubt that any logical prospect for "*Shop Notes*" can read that prospectus without hungering to possess a copy of the book. I'll bet it nets more sales than anything *P. M.* has used in a long, long time. No flubdub, no fancy frills, but it gets there.

One Simple Letter That Sold \$4,000,000 of Insurance

And speaking of the potential power in a single good letter, this one, written, I am told, by T. M. Rodlun, advertising manager of Acacia Mutual Life Insurance Company, has paved the way for more than *four million dollars'* worth of insurance sales. Do you wonder?

"Dear Mr. Blank:

"Enclosed please find our check for \$100. Your next \$100 check will be mailed to you one month from today, and on the first of each month thereafter, *as long as you live*.

(Signed) William Montgomery, President, *Acacia Mutual Life Insurance Company.*"

"How would you like to get a message like the above, with a check for \$100, on the first of every month, starting when you are 55, 60, or more? The enclosed folder tells more about our plan to do this for you.

"What must you do to be accepted for this Acacia plan?

"(1) Save money, less than you would expect for such a wonderful \$100 a month plan; (2) have your health and insurability 'OK'd' by us. How much money must you save? Can you get the OK? We don't know, but we can find out if you want us to.

"Without obligation to you, we will have our representative call to answer question No. 1, and then, if you wish, to help you answer question No. 2. His name and address is on the Silver Shingle enclosed."

And Here's Another Epistle That Brought Back the Bacon

I give it as my seasoned opinion that SALES MANAGEMENT's "Round Table" Letter Forum, now entering its second successful year, is receiving and distributing some of the finest business letters written in America today. I can say this quite frankly because the project is not my own, and I have only a very casual connection with it. Nevertheless, I have all a doting father's fondness for bragging about his progeny's blue eyes and cleverness at the spelling-bee, even though those attributes are a direct inheritance from the maternal line. Here is an example from the current batch that gives me uncommon delight. It was written, I am told, by someone over at the Pocahontas Oil Corporation, for a small station at Cleveland, Ohio. Three hundred letters mailed; forty new customers within eleven days!

"It's not a strange thing for people to pass each other day in and day out, without even a nod or some outward sign of recognition. When we do venture a sign of 'howdy,' it leaves a feeling of friendship in spite of our hurry and scurry.

"That is just the point we want to make. We have noticed your car pass our Blue Flash station time and again. When we have felt you were looking, one of us has waved a hand, or in some way tried to leave with you the thought that along Harvard Avenue someone noticed you anyway.

"Maybe you have been busy with thinking of your work, or getting to some place in a hurry, and while we think about it, maybe you haven't even noticed our little station. We think it's pretty nice, and you will, too, if you give it a glance next time you go by. It's easy to drive into, and if we do say it, you will get all the service we can crowd into the few moments you are with us. Of course, if you want a real genuine lubrication job on your car, then we don't hesitate to tell you, we don't rush your car out. It's guaranteed when we get through with it.

"There are just two of us, and both of us are on the job most of the time. Come in next time you are going by, and look at a record we have. It will tell you how many times you pass our station. It's interesting.

"9015 Harvard Avenue—you can't miss it!"

SALES MANAGEMENT

Sales Management's Sectional Index of Business

For a long time the editors of SALES MANAGEMENT have been acutely conscious of a demand for more detailed and more up-to-date statistics on business conditions than were available in other magazines or newspapers. There is no dearth of estimates of national indices of production, retail sales, business activity and the like, but very few sales executives look at the country as a whole.

They know from experience that while the national composite may be, let's say, 70% of normal, there are some sections which are 80% and others which are 60% of normal. Quite naturally, the man in charge of sales wants to have as detailed a breakdown as possible so that he may know where he can best apply pressure—and he wants these figures while they are still fresh enough to be applicable

to his problems.

For more than a year our statistical staff, under the direction of Ray B. Prescott, has been working on the problem. Now, after numerous experiments and detailed study of test results over many months, we started with the December 1 issue a breakdown of business activity for the nine major sections of the country, which will appear in the first issue of each month.

The figures will be only thirty days old, when they reach you. They are based on a weighted index of bank debits and retail sales. Theoretically, bank debits are a perfect record of business conditions, because 90% of commercial activity is handled by checks rather than cash, but they have a slight weakness in that bursts of speculative activity cause greater

fluctuations than is true of the business picture as a whole.

The retail sales figures are a direct reflection of purchasing power and public confidence, and when added to the bank debit figures they tend to iron out the occasional violent swings of the latter.

The graphs shown herewith are typical of what you will find on this page each month. At a glance they show conditions in November against October and against November of a year ago.

By looking across the two lines of graphs you can compare one section of the country with the others, or with the United States as a whole. For those who want more details, we show the exact percentage of decline from the monthly average of 1923-25, which equals 100.

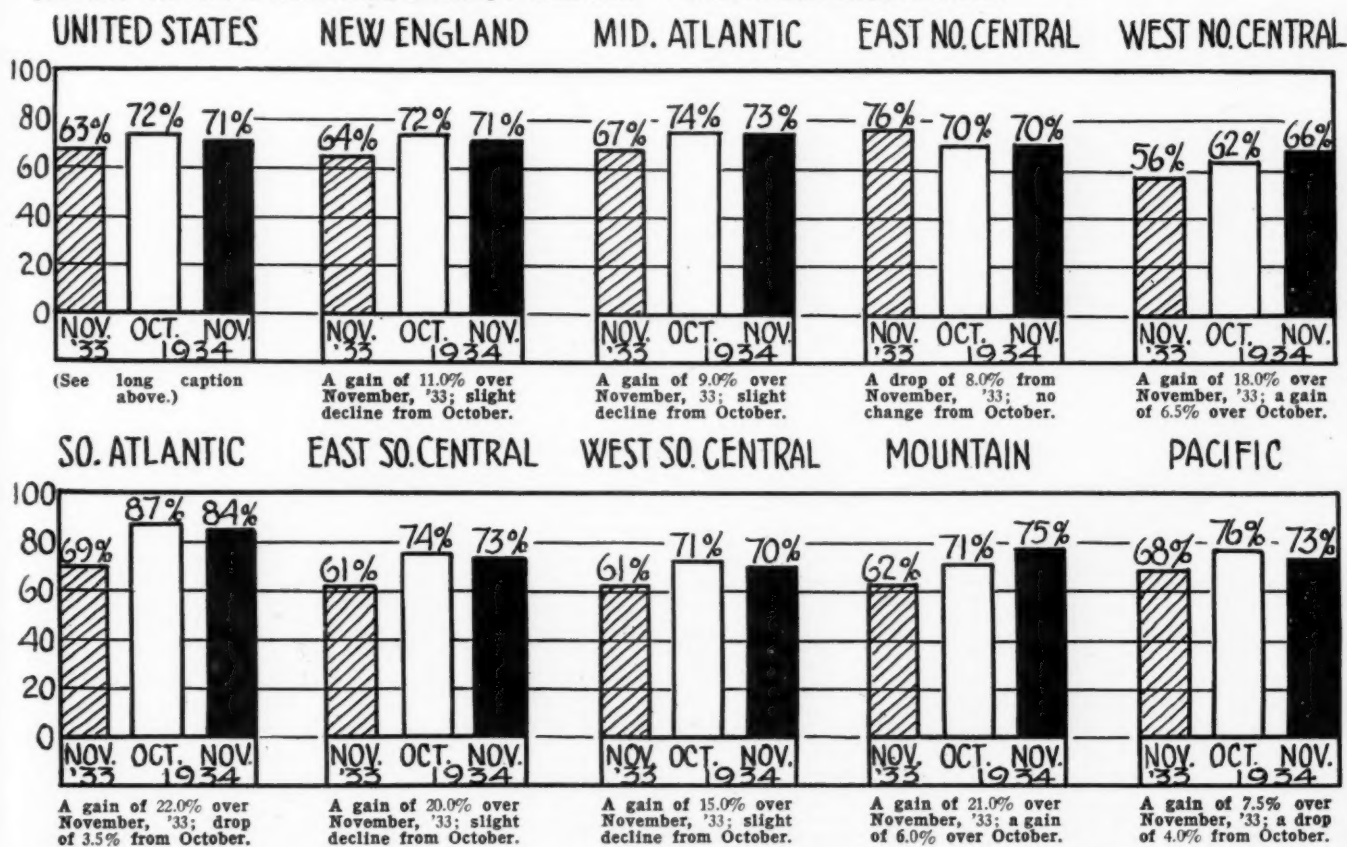
Sales Management's Sectional Index of General Business

(By Geographical Census Divisions. Monthly Average 1923-25 = 100)

BY RAY B. PRESCOTT

(The state of business expressed in terms of percentage approach toward the "normal" average of the years 1923-1925. The horizontal bar represents normal. The designation of districts follows the standard breakdown used by the Bureau of Census. The index numbers used, as determined by Ray B. Prescott, are a weighted composite of bank debits and retail sales.)

UNITED STATES: The country as a whole shows a gain of 12.5% over November, '33, but (after seasonal correction) a slight decline from October. Only two sections show any improvement over the previous month, while three sections registered more than a slight decline. There has been a substantial improvement in business sentiment which should be reflected in these figures later. The largest gains have been made in farm sections, amounting to about twice that shown in the industrial sections.



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THE BUSINESS INDEX

Presents Visually . . . the
Vital Facts and Figures
of
Trade, Industry and Finance
... in Instantly Seizable Form

"What is the capital structure of the Company?" **THE CORPORATION REGISTER**—one of the many unique features of **THE BUSINESS INDEX** service—gives it to you instantly, together with earnings trend and other important data. Similarly, by means of the most comprehensive set of graphic charts produced, all the other relevant facts and figures of trade, industry and finance—the basic factors that govern trend—are made immediately available, stripped of all opinion, to aid the busy executive to form sound judgments and make quick decisions. Financial houses of international renown, bankers, brokers, noted industrialists, investors and business executives find **THE BUSINESS INDEX** invaluable. Send for complete information.

The Business Index

Published by Crandall, Pierce & Co.
1600 Bankers Bldg., Chicago
74 Trinity Pl., New York



PHOTOSTATS
COMMERCE PHOTO-PRINT
CORPORATION
1 WALL STREET

233 Broadway 56 Pine St.
80 Maiden Lane 33 W. 42nd St.
Dlgy 4-9135-6-7-8

Newspaper R.O.P. Color Advertising Expected to Show Big Gain in '35

(Continued from page 27)

to the consuming public. In one day ninety retailers were signed up to handle Kingsbury.

"The color page tingled the imaginations of thousands of consumers who asked for the beer by name. Results were extraordinary and lasting."

Chicago has another great story of color advertising. This story goes back thirteen years to the inception of the Saturday Home Magazine as a feature of the Chicago *Evening American*. At that time all Saturday evening newspapers published in Chicago were selling at 2 cents a copy.

The *American* introduced its Saturday magazine and boosted its price to 5 cents per copy. In these thirteen years this newspaper, in spite of its higher price, has topped all Saturday evening newspaper circulation records in Chicago. It has published more four-color pages than any other daily newspaper color magazine in America. Advertisers have purchased more than \$2,000,000 worth of full pages in four colors.

Big Companies Are Big Users

Among the larger users are Standard Oil (Indiana), 70 pages; Canada Dry Ginger Ale, 63 pages; Hydrox Ice Cream, 38 pages; Loose-Wiles Biscuit and Phillips "66" gasoline, 23 pages each. Other users of multiple pages are:

American Family Flakes, Atlas Brew, Allied Florists, Anheuser-Busch, Blue Valley Butter, Borden, Blatz, Biersdorf (Nivea cream), Continental Baking, Clicquot Club, Climoline, Camels, Chevrolet, California Prune & Apricot, Campfire Marshmallows, R. Cooper, Jr., Duco, Endicott Johnson, Franco-American, Florida Citrus, Flit, Gold Dust, General Foods, Houbigant, Hood Rubber, Kellogg, Kitchen Klenzer, Kotex, Mickelberry, Mirror Aluminum, Northern Tissue, Nu Pro Oil, Pittsburgh Plate Glass, Pabst, Parker Pen, Pie Bakeries of America, Procter & Gamble, Old Golds, Ralston, Schulze Baking, Sears, Roebuck, Shell, Sinclair, Thompson (malted milk), Three-Minute Oats, Wonder Bread, Warner Bros., Thomas J. Webb, Hiram Walker.

The Saturday Home Magazine of the Chicago *Evening American* has its own art directors, its engraving room manned by color artisans, and skilled color pressmen. Color plates may be

made in a number of ways: From black and white photographs; from black and white drawings with a color overlay indicating the colors desired, of Ben Day; or direct from color paintings or color photographs.

The Chicago *Evening American* employs the same process in making its color plates as is used by the leading color magazines of the country. This process is particularly effective in reproducing in true colors illustrations of wearing apparel, furniture, foods and various other objects.

Groups, Single Papers Offer

Newspaper color is being sold for individual papers and also by several groups. Comic strip color is offered by Hearst's *Comic Weekly*, and his new *Comic Pictorial* (the new 16-page tabloid in color which appears only in the Saturday editions of the New York *Journal* and the Chicago *American*), by the Metropolitan Sunday Newspapers, by the National Color Comic Group, and by Associated Newspaper Color, Inc., a group of Pacific Coast papers. Color in rotogravure sections is sold collectively by Metropolitan Sunday Newspapers and Gravure Service Corporations. Currently there is a trend toward the distribution of magazines through newspapers, and a majority of them offer color facilities.

The *American Weekly Magazine* distributed with Hearst Sunday newspapers has the largest circulation of any American newspaper or magazine, and its nearest rival will be "This Week," a colorgravure magazine to be distributed with 23 major-market newspapers, commencing February 24, 1935.

The Goss Printing Press Company, which has been active in working out color equipment, has just completed a press with nine color attachments to be geared in with news press equipment. This press was created especially for handling run-of-paper color. Not only is this type of press a new mechanical job but the chemistry of ink manufacture has had to be taken into account.

The inks used in high-speed color presses, running up to 1,650 feet a minute, must set instantly without blurring.

Few advertisers, if any, have ever doubted the value of color advertising. Making it possible has been a long and exacting job. Newspapers could never perfect the process single-handed. It is now, for the first time, on a highly workable basis but only because the printing press manufacturers, the ink makers and the financially strong newspapers have united to make it practical.



Booklets reviewed below are free unless otherwise specified, and available either through this office or direct from the publishers. In addressing this office, please use a separate letterhead for each booklet requested, to facilitate handling. The address is SALES MANAGEMENT Readers' Service Bureau, 420 Lexington Avenue, New York, N. Y.

Surveys for which a charge is made are so indicated. Requests for these, accompanied by the purchase price, should be mailed direct to the publishers.

Macfadden Surveys Field of Women Magazine Readers

Accurate market information showing the buying habits of, as well as advertising penetration among, readers of the several groups of women's romance-movie-radio magazines has been somewhat sketchy until this past year. That condition is being remedied, particularly by such studies as that recently completed and published by the Macfadden Women's Group. Titled "Qualitative Circulation Analysis," this study made in the field by the research organization of William C. Keenan Company, reports on the basis of 3,031 personal interviews in sixteen cities, coast to coast, ranging in size from Philadelphia to Norwood, Ohio.

Outstanding points: 71.8% of all the readers are women, 59.1% of them housewives; 75.2% of all readers are parents; average age of women readers, 30 years; of men, 34 years; 58.8% of families have children in school or under school age, and the average number of children per family is 1.96; in 2.3% of the families there is no one working. As to purchasing power, 59.9% of the families own an automobile, 88.9% a radio, 64.7% a vacuum cleaner, 26.0% a mechanical refrigerator, and 52.1% a washing machine. Makers of these products are itemized. Complete brand preference information is given on baking powder, coffee, hot and cold cereals, gelatin desserts, canned soup, food drinks, household cleansers, hand lotions, face powders, cleansing creams, perfumes and tooth paste. In this section the number who use the several products occasionally, as well as by preference, is shown, thus providing an interesting study in market penetration for sales executives.

One point about which there is none too much definite circulation knowledge in the field is well covered here, in the separate breakdown of readers to show housewives, and also daughters and sons 18 or over—this latter youth market being an important objective in many campaigns. Equally specific is the breakdown showing the age of women and men readers in these brackets: 18 to 25, 26 to 35, 36 to 45, over 45. An occupational analysis shows work engaged in by heads of families, likewise the present employment status.

This report is the summation of three field studies, and for comparative purposes the results of all three studies are shown for each question. For a copy, write F. E. Irsch, Promotion Manager, Macfadden Women's Group, 420 Lexington Avenue, New York City. While writing, we suggest that you request a copy of the bound volume of the December magazines mak-

ing up this group. Better than any description, it illustrates the magazines themselves, their editorial formula, and the advertising now running in this field.

Dealer Preference for Radio Shown in New NBC Survey

According to the findings of a survey just off the NBC presses, retailers in the grocery, drug and gasoline dispensing fields rate radio as by long odds their favored advertising medium in a comparison which includes the three other media—newspapers, magazines and billboards. Since these fields contain the products most heavily advertised over the air, the response of dealers to radio as a sales aid is naturally of great moment to the NBC organization, and it is their hope that the findings will be significant to marketing executives.

The study is a combination of the results from two surveys. The first, made by The Psychological Corporation in 1933, was carried on among some 2,500 dealers. In order to prevent bias in the answers of the dealers, the method employed was based on questionnaires designed to conceal as far as possible the source of the inquiry. In the final interviews, only 17.6% of the dealers guessed that radio interests were back of the survey, which seemed a sufficiently small number to justify conclusions that represented impartial judgment of the said dealers.

Later in 1934, a second survey was made among 2,000 dealers in 26 cities, by the same investigating organization. The average of the two surveys gives the following results:

1. On trade-marked or branded items that are nationally advertised, which medium have you found best in selling these products? Druggists, radio by 68.4%; grocers, radio by 53.2%; gas dealers, radio by 53.8%. (The three other media are not named, but indicated only as A, B, and C.)

2. Which one of these four kinds of national advertising do your customers talk about most often when buying branded or trade-marked items at regular prices? Druggists, radio by 72.6%; grocers, radio by 58.7%; gas dealers, radio by 61.5%;

3. If you had the power to choose and plan a national advertising campaign for a brand to sell at regular prices, which would you choose? Druggists, radio by 80.1%; grocers, radio by 69.2%; gas

dealers, radio by 70.4%.

4. If you could choose only one of these, which one would it be? Druggists, radio by 70.3%; grocers, radio by 62.3%; gas dealers, radio by 63.2%.

5. What kind of national advertising has helped sales most in three of the best selling brands? Druggists, radio by 71.1%; grocers, radio by 50.8%; gas dealers, radio by 65.7%.

With such a strong indication of dealer preference for radio, the survey is certain to be used aggressively in the national advertising field, and as aggressively disputed by the other media involved. They, too, have surveys, which point in a different direction, as, for example, the recent ANPA study among chain grocers. For your copy, together (if desired) with a supplementary study giving in detail the findings of The Psychological Corporation, (for in the booklet just received only the high points are covered), write W. C. Roux, National Broadcasting Company, Radio City, New York City.

New Letterhead Ideas for 1935

To freshen the selling approach in 1935, letterheads and all manner of direct mail material can well stand refurbishing. Makers of paper have recently submitted several sample-idea portfolios which should help in this decidedly important job.

"A Foundation for Modern Business" provides in a spiral-bound volume samples of letterheads, business forms, and advertising booklets and folders made from Hollingsworth Basic Bond. Also illustrates many distinctive type faces as used in the samples. Write Hollingsworth & Whitney Company, 140 Federal Street, Boston; or 111 W. Washington Street, Chicago.

"Modern Form" is a general utility stock, with the characteristics of a bond plus increased bulk and suitability for high speed printing. Writing surface-sized for pen and ink. Used for house organs, sales bulletins, price lists, sales and office reports, quantity broadsides and folders, mass mailing sales letters, etc. Write for its descriptive folder, addressing Burt Williams, Consolidated Water Power & Paper Company, Wisconsin Rapids, Wisconsin.

Write Kimberly Stuart, Neenah Paper Co., Neenah, Wisconsin, for a new portfolio of samples of ledger and bond papers. Additional samples of the brands most suited to your needs will then be sent on your further request.

Personal Service and Supplies

Classified Rates: 50c a line of seven words; minimum \$3.00. No display. Cash Basis Only. Remittance Must Accompany Order.

POSITION WANTED

Being NEITHER YOUNG NOR BEAUTIFUL. I concentrate on being useful (vide Ben Franklin). Have been a trade paper editor for years, and now a free lance in search of work. Can write forceful and lucid English. Will prepare folders, booklets, catalogs, sales literature, at modest prices. Am competent and dependable. Can cover all details. Inquiries imply no obligation whatever. Frank W. Kirk, Room 1632, 333 N. Michigan Ave., Chicago. Phone: State 1266.

WANTED: A FUTURE — Right now I'm associate editor of an A.B.C. business magazine. It's a swell job. Unfortunately, to get ahead I'd have to shoot my boss. And I like him. He likes me, too, and will be glad to give you my qualifications. I've played a house organ, without a sour note; a broad experience in newspaper and magazine work. Age 29; Protestant; good education, refined and all that. Interested? Box 421, SALES MANAGEMENT, 420 Lexington Avenue, New York City.

WANTED: AN OPPORTUNITY—Have you an opportunity for a young, well bred, college graduate? Desire connection with small ad agency as sub-executive or contact man. I'll go along with you on salary in exchange for an opportunity. Address Box 420, SALES MANAGEMENT, 420 Lexington Avenue, New York, N. Y.

EXECUTIVES WANTED

SALARIED POSITIONS \$2,500 to \$26,000. This thoroughly organized advertising service of 25 years' recognized standing and reputation carries on preliminary negotiations for positions of the caliber indicated, through a procedure individualized to each client's personal requirements. Several weeks are required to negotiate and each individual must finance the moderate cost of his own campaign. Retaining fee protected by a refund provision as stipulated in our agreement. Identity is covered and, if employed, present position protected. If you have actually earned over \$2,500, send only name and address for details. R. W. BIXBY, Inc., 118 Delward Bldg., Buffalo, N. Y.

C o m m e n t

CONGRESS AGAIN IN SESSION: It is clearly evident that the new Congress is Democratic in a dominant sense. It has been made equally patent that the heads of the Democratic Party are no novices when it comes to ways and means of commanding party fealty. But it is not equally certain that the constituents of the Senators and Congressmen propose to be as non-vocal as some of the New Dealers are wont to imply when they refer to the blanket mandate conveyed by the November elections. . . . The Editors of *SALES MANAGEMENT* look for a lively Congress, to say the least, and one which will be more than ordinarily replete with discussions about "factual evidence," consideration of "organized presentations" and some pandering to still voluble, socialistic rumblings. It will very possibly take all the consummate political skill of President Roosevelt to lead this particular Congress along lines which are truly safe and sound. And yet we are not overly apprehensive. Because it seems as if most (if not all) of the factors concerned with current legislation will have more in common than was at all possible in the early years of depression or in the early stages of the New Deal. We refer to such things as (1) a pretty universal desire to minimize experimentation, especially that of a fantastical and highly theoretical character; (2) a widespread belief that it is futile to magnify reform to the point where it retards recovery; (3) the positive trend to check so-called New Deal measures already in operation in the light of actual experience for the express purpose of attaining practicability; (4) the fairly prevalent realization that colossal expenditures by the Federal government even for relief purposes cannot go on, except in proportion to the success of private business as measured both in sales volume and net profit; (5) the increased attention which is being paid to the measures which have produced such recovery as has occurred in England; (6) the growing intolerance of partisan selfishness in governmental policy, whether for bankers, industrialists, veterans, farmers, labor or any other class or group. . . . In other words, with solution of unemployment uppermost in almost everybody's mind and with revival of private business widely recognized as the most reliable and enduring means to this end, we are swinging into a new era—an era wherein the philosophy of realism and of practicability is likely to govern the policies advocated inside and outside of governmental circles. This is a definite trend which warrants considerable confidence in spite of the "bombshell proposals" which find their way into the day to day news. In this same connection dominant control of Congress by one party naturally involves proportionately greater responsibility for results and, hence, it should be of itself a further assurance of legislation that is *practical*.

[56]

PRICE MAINTENANCE HEARINGS: In the early part of this month public hearings will be held on the highly vital subject of price maintenance. The data presented in the course of these hearings may go far toward influencing future legislation with respect to NRA or its successor. Because of the broad nature of these hearings, it is somewhat doubtful whether all of the pertinent facts can be marshaled and collated in a manner approaching perfection. It does seem probable, however, that the futility of price control in many fields will be established, both as regards its failure properly to serve the public interest and as regards its unenforceability. . . . But proving a substantial case against price maintenance as a general policy is not of itself going to produce a workable solution to the problems which brought about the many attempts at price control. On the one hand, we know that open competition on the price side is essential to the public interest and as a stimulus to progress, provided, of course, that price competition does not result in (1) unfair abuse of labor as regards wages; (2) monopolies based on the ability of a few rich concerns to sell at a loss for an indefinitely long period of time, or (3) destructive competition which results in insolvency of whole industries. . . . On the other hand, alternatives to price maintenance are not going to be easy of realization. We can start with minimum wages as a primary policy and in this manner hope to eliminate abuse of labor. But when we come to those forms of competition which are based not upon enterprise as it relates to superior products and superior merchandising but chiefly on ability to stand the gaff of profitless selling, we run into a mountain that cannot be made into a molehill. . . . Possibly a workable solution can be found along the line of prohibiting companies doing over a certain volume of business on a specific type of product from selling at a loss and by prohibiting smaller companies from engaging in profitless selling of a given type of product after they have had a reasonable period of time in which to establish their ability to earn profits. . . . This idea is not advanced as a recommended solution but merely to indicate the extremely complicated problem which profitless selling presents. In other words, while a pretty strong case can be made against price maintenance, an even stronger case can surely be made against profitless selling—all of which means that business is left groping for some new method which will eliminate the bad features of price maintenance *and also of profitless selling*. The minds which can devise a plan for steering the business ship (or NRA) between these two sandbars will indeed be performing a public service, as well as one of great value to American business.

Ray Bill

SALES MANAGEMENT